



GENERAL ASSEMBLY

COMMONWEALTH OF KENTUCKY

2006 REGULAR SESSION

HOUSE BILL NO. 234

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TREY GRAYSON
SECRETARY OF STATE
COMMONWEALTH OF KENTUCKY
BY R. Keller

AN ACT relating to business organizations.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

SECTION 1. SUBCHAPTER 1 OF KRS CHAPTER 362 IS ESTABLISHED
AND A NEW SECTION THEREOF IS CREATED TO READ AS FOLLOWS:

As used in this subchapter, unless the context otherwise requires:

(1) "Business" includes every trade, occupation, and profession;

(2) "Debtor in bankruptcy" means a person who is the subject of;

(a) An order for relief under Title 11 of the United States Code or a comparable order under a successor statute of general application; or

(b) A comparable order under federal, state, or foreign law governing insolvency;

(3) "Deliver" or "delivery" means any method of delivery used in conventional commercial practice, including delivery by hand, mail, commercial delivery, and electronic transmission;

(4) "Distribution" means a transfer of money or other property from a partnership to a partner in the partner's capacity as a partner or to the transferee of all or a part of a partner's transferable interest;

(5) "Electronic transmission" or "electronically transmitted" means any process of communication not directly involving the physical transfer of paper that is suitable for the retention, retrieval, and reproduction of information by the recipient;

(6) "Entity" means a corporation, foreign corporation, not-for-profit corporation, profit or not-for-profit unincorporated association, business or statutory trust, estate, partnership, limited partnership, trust, two (2) or more persons having a joint or common economic interest, and a state, national, or foreign government;

(7) "Foreign limited liability partnership" means a partnership that:

(a) Is formed under laws other than the laws of this Commonwealth; and

- 1 (b) Has the status of a limited liability partnership under those laws;
- 2 (8) "Limited liability partnership" means a partnership that has filed a statement of
3 qualification under Section 69 of this Act and does not have a similar statement
4 in effect in any other jurisdiction;
- 5 (9) "Name of record with the Secretary of State" means any real, fictitious, reserved,
6 registered, or assumed name of an entity;
- 7 (10) "Partnership" means an association of two (2) or more persons to carry on as co-
8 owners a business for profit formed under Section 25 of this Act, predecessor law,
9 or comparable law of another jurisdiction;
- 10 (11) "Partnership agreement" means the agreement, whether written, oral, or
11 implied, among the partners concerning the partnership, including amendments
12 to the partnership agreement;
- 13 (12) "Partnership at will" means a partnership in which the partners have not agreed
14 to remain partners until the expiration of a definite term or the completion of a
15 particular undertaking;
- 16 (13) "Partnership interest" or "partner's interest in the partnership" means all of a
17 partner's interests in the partnership, including the partner's transferable interest
18 and all management and other rights;
- 19 (14) "Person" means an individual, an entity or any other legal or commercial entity;
- 20 (15) "Professional partnership" means a partnership organized under this subchapter
21 or the laws of another state or foreign country for purposes that include, but are
22 not limited to, the providing of one (1) or more professional services. Except as
23 otherwise expressly provided in this subchapter, all provisions of this subchapter
24 governing partnerships shall be applicable to professional partnerships;
- 25 (16) "Professional services" mean the personal services rendered by physicians,
26 osteopaths, optometrists, podiatrists, chiropractors, dentists, nurses, pharmacists,
27 psychologists, occupational therapists, veterinarians, engineers, architects,

1 landscape architects, certified public accountants, public accountants, physical
 2 therapists, and attorneys;

3 (17) "Property" means all property, real, personal, or mixed, tangible or intangible, or
 4 any interest therein;

5 (18) "Regulatory board" means the agency that is charged by law with the licensing
 6 and regulation of the practice of the profession which the professional
 7 partnership is organized to provide;

8 (19) "Sign" or "signature" includes any manual, facsimile, conformed or electronic
 9 signature;

10 (20) "State" means a state of the United States, the District of Columbia, the
 11 Commonwealth of Puerto Rico, or any territory or insular possession subject to
 12 the jurisdiction of the United States;

13 (21) "Statement" means a statement of partnership authority under Section 30 of this
 14 Act, a statement of denial under Section 31 of this Act, a statement of dissociation
 15 under Section 52 of this Act, a statement of dissolution under Section 58 of this
 16 Act, a statement of merger under Section 67 of this Act, a statement of
 17 qualification under Section 69 of this Act, a statement of foreign qualification
 18 under Section 72 of this Act, or an amendment or cancellation of any of the
 19 foregoing; and

20 (22) "Transfer" includes an assignment, conveyance, lease, mortgage, deed, and
 21 encumbrance.

22 SECTION 2. A NEW SECTION OF SUBCHAPTER 1 OF KRS CHAPTER 362
 23 IS CREATED TO READ AS FOLLOWS:

24 (1) A person knows a fact if the person has actual knowledge of it.

25 (2) A person has notice of a fact if the person:

26 (a) Knows of it;

27 (b) Has received a notification of it;

- 1 (c) Has reason to know it exists from all of the facts known to the person at the
2 time in question; or
- 3 (d) By reason of a filing or recording to the extent provided by and subject to
4 the limitations set forth in subsection (4) or (5) of Section 30 of this Act,
5 subsection (3) of Section 52 of this Act, or subsection (3) of Section 58 of
6 this Act.
- 7 (3) A person notifies or gives a notification to another by taking steps reasonably
8 calculated to inform the other person in ordinary course, whether or not the other
9 person obtains knowledge of it.
- 10 (4) A person receives a notification when the notification:
- 11 (a) Comes to the person's attention; or
- 12 (b) Is duly delivered at the person's place of business or at any other place held
13 out by the person as a place for receiving communications.
- 14 (5) Except as otherwise provided in subsection (6) of this section, a person other than
15 an individual knows, has notice, or receives a notification of a fact for purposes
16 of a particular transaction when the individual conducting the transaction
17 knows, has notice, or receives a notification of the fact, or in any event when the
18 fact would have been brought to the individual's attention if the person had
19 exercised reasonable diligence. The person exercises reasonable diligence if it
20 maintains reasonable routines for communicating significant information to the
21 individual conducting the transaction and there is reasonable compliance with
22 the routines. Reasonable diligence does not require an individual acting for the
23 person to communicate information unless the communication is part of the
24 individual's regular duties or the individual has reason to know of the
25 transaction and that the transaction would be materially affected by the
26 information.
- 27 (6) A partner's knowledge, notice, or receipt of a notification of a fact relating to the

partnership is effective immediately as knowledge by, notice to, or receipt of a notification by the partnership, except in the case of a fraud on the partnership committed by or with the consent of that partner.

SECTION 3. A NEW SECTION OF SUBCHAPTER 1 OF KRS CHAPTER 362 IS CREATED TO READ AS FOLLOWS:

(1) Except as otherwise provided in subsection (2) of this section, relations among the partners and between the partners and the partnership are governed by the partnership agreement. To the extent the partnership agreement does not otherwise provide, this subchapter governs relations among the partners and between the partners and the partnership.

(2) The partnership agreement shall not:

(a) Vary the rights and duties under Section 5 of this Act except to eliminate the duty to provide copies of statements to all of the partners;

(b) Unreasonably restrict the right of access to books and records under subsection (2) of Section 38 of this Act or unreasonably restrict the right to information under subsection (3) of Section 38 of this Act;

(c) Eliminate the duty of loyalty under subsection (2) of Section 39 of this Act or subsection (2)(c) of Section 48 of this Act, but:

1. The partnership agreement may identify specific types or categories of activities that do not violate the duty of loyalty, if not manifestly unreasonable; or

2. All of the partners or a number or percentage specified in the partnership agreement may authorize or ratify, after full disclosure of all material facts, a specific act or transaction that otherwise would violate the duty of loyalty;

(d) Unreasonably reduce the duty of care under subsection (3) of Section 39 of this Act or subsection (2)(c) of Section 48 of this Act;

- 1 (e) Eliminate the obligation of good faith and fair dealing under Section 39 of
2 this Act, but the partnership agreement may prescribe the standards by
3 which the performance of the obligation is to be measured, if the standards
4 are not manifestly unreasonable;
- 5 (f) Vary the power to dissociate as a partner under subsection (1) of Section 47
6 of this Act, except to require the notice under subsection (1) of Section 46 of
7 this Act to be in writing;
- 8 (g) Vary the right of a partner or the partnership to seek a partner's expulsion
9 by judicial determination or vary the right of a court to expel a partner in
10 the events specified in subsection (5) of Section 46 of this Act;
- 11 (h) Vary the requirement to wind up the partnership business in cases specified
12 in subsection (4), (5), or (6) of Section 54 of this Act; or
- 13 (i) Vary the law applicable to a limited liability partnership under subsection
14 (2) of Section 6 of this Act; or
- 15 (j) Vary the liabilities and remedies under Section 40 of this Act to a greater
16 extent than variations are in fact made under this section in the substantive
17 rights in the partnership agreement giving rise to the partner claims at
18 issue.
- 19 (3) If a written partnership agreement contains a provision to the effect that any
20 amendment to the partnership agreement must be in writing and adopted in
21 accordance with the provisions of the partnership agreement, that provision shall
22 be enforceable in accordance with its terms, and any agreement among the
23 partners concerning the partnership which is not in writing and adopted in
24 accordance with the provisions of the partnership agreement shall not be part of
25 the partnership agreement.

26 SECTION 4. A NEW SECTION OF SUBCHAPTER 1 OF KRS CHAPTER 362
27 IS CREATED TO READ AS FOLLOWS:

- 1 (1) Unless displaced by particular provisions of this subchapter, the principles of law
 2 and equity supplement this subchapter.
- 3 (2) If an obligation to pay interest arises under this subchapter and the rate is not
 4 specified, then the rate is that specified in KRS 360.010.
- 5 (3) Subject to subsection (2) of Section 3 of this Act, it shall be the policy of the
 6 General Assembly through this subchapter to give maximum effect to the
 7 principles of freedom of contract and the enforceability of partnership
 8 agreements. Although this subchapter is in derogation of common law, the rules
 9 of construction that require strict construction of statutes that are in derogation
 10 of common law shall not apply to its provisions. Except as otherwise expressly
 11 provided herein, this subchapter shall not be construed to impair the obligation of
 12 any contract existing when this subchapter, or any amendment thereto, becomes
 13 effective, nor to affect any action or proceeding begun, or right accrued before
 14 this subchapter or any amendment thereto takes effect.
- 15 (4) A professional partnership shall be governed by the laws, whether statutory or
 16 common law, applicable to other partnerships. Except for the provisions of this
 17 subchapter concerning the personal liability of partners, employees, and agents
 18 of a partnership, nothing in this subchapter shall restrict, limit, or expand in any
 19 manner the authority and duty of any regulatory board to:
- 20 (a) License individual persons providing professional services; and
 21 (b) Regulate the practice of persons providing professional services which are
 22 within the jurisdiction of the regulatory board, even though the persons are
 23 partners, employees, or agents of a professional partnership, or provide
 24 professional services through a professional partnership, including the
 25 establishment of regulations concerning:
- 26 1. The qualifications of partners of a professional partnership;
 27 2. The transfer of partnership interests in a professional partnership; or

1 3. The provision of one (1) or more professional services through a
 2 professional partnership.

3 SECTION 5. A NEW SECTION OF SUBCHAPTER 1 OF KRS CHAPTER 362
 4 IS CREATED TO READ AS FOLLOWS:

5 (1) A statement may be filed in the office of Secretary of State. A filed statement has
 6 the effect provided in this subchapter with respect to partnership property located
 7 in or transactions that occur in this Commonwealth.

8 (2) A certified copy of a statement that has been filed in the office of the Secretary of
 9 State may be filed with and recorded by any county clerk to which the statement
 10 is presented for filing and recording.

11 (3) A statement filed by a partnership shall be executed by at least two (2) partners.
 12 Other statements shall be executed by a partner or other person authorized by
 13 this subchapter.

14 (4) A person authorized by this subchapter to file a statement may amend or cancel
 15 the statement by filing an amendment or cancellation that names the partnership,
 16 identifies the statement, and states the substance of the amendment or
 17 cancellation. No amendment or cancellation shall be made with respect to a
 18 statement of merger or statement of dissolution after filing with the Secretary of
 19 State.

20 (5) A person authorized by this subchapter to file a statement may correct a filed
 21 statement if the statement contains information that was incorrect as of the time
 22 of the original filing or if the statement was defectively executed, attested, sealed,
 23 verified or acknowledged. A statement is corrected by filing with the Secretary of
 24 State a statement of correction that describes the original filing, specifies the
 25 information that was incorrect as of the original filing or the manner in which
 26 the execution was defective, corrects the incorrect information or the defective
 27 execution and is accompanied by a copy of the original defective statement,

1 accompanied by the proper filing fee. A statement of correction shall be effective
 2 as of the effective date of the statement it corrects except as to persons relying on
 3 the uncorrected document adversely affected by the correction. As to those
 4 persons, the statement of correction shall be effective in the same manner as they
 5 were on notice of the original statement.

6 (6) A person who files a statement pursuant to this section shall promptly send a
 7 copy of the statement to every nonfiling partner and to any other person named
 8 as a partner in the statement. Failure to send a copy of a statement to a partner or
 9 other person does not limit the effectiveness of the statement as to a person not a
 10 partner.

11 (7) A person who executes a statement shall be deemed to have declared under
 12 penalty of perjury that to that person's knowledge the contents of the statement
 13 are accurate.

14 (8) It shall be unlawful for any person to sign a statement the person knows is false
 15 in any material respect with the intent that the statement be delivered to the
 16 Secretary of State for filing. Any person who violates this subsection shall be
 17 guilty of a Class B misdemeanor punishable by a fine not to exceed one hundred
 18 dollars (\$100).

19 (9) The Secretary of State may collect a fee for filing or providing a certified copy of
 20 a statement. The county clerk may collect a fee of ten dollars (\$10.00) for
 21 recording a statement.

22 (10) The Secretary of State may prescribe and furnish on request forms for:

23 (a) A statement of change of registered office or registered agent;

24 (b) An application to reserve a name;

25 (c) An application to cancel the reservation of a name;

26 (d) A resignation of a registered agent or registered office or both;

27 (e) An annual report; and

1 (f) An amendment to the annual report.

2 (11) The Secretary of State may mandate the use of the forms listed in subsection (10)
 3 of this section.

4 (12) The Secretary of State may prescribe and furnish on request forms for any other
 5 records required or permitted to be filed pursuant to this subchapter, but their use
 6 shall not be mandatory.

7 SECTION 6. A NEW SECTION OF SUBCHAPTER 1 OF KRS CHAPTER 362
 8 IS CREATED TO READ AS FOLLOWS:

9 (1) Except as otherwise provided in subsection (2) of this section, the law of the
 10 jurisdiction in which a partnership has its chief executive office governs relations
 11 among the partners and between the partners and the partnership.

12 (2) The law of this Commonwealth governs relations among the partners and
 13 between the partners and the partnership and the liability of partners for an
 14 obligation of a limited liability partnership.

15 SECTION 7. A NEW SECTION OF SUBCHAPTER 1 OF KRS CHAPTER 362
 16 IS CREATED TO READ AS FOLLOWS:

17 A partnership governed by this subchapter is subject to any amendment to or repeal of
 18 this subchapter.

19 SECTION 8. A NEW SECTION OF SUBCHAPTER 1 OF KRS CHAPTER 362
 20 IS CREATED TO READ AS FOLLOWS:

21 (1) A statement shall satisfy the requirements of this section, and of any other section
 22 of this subchapter that adds to or varies these requirements, to be entitled to filing
 23 by the Secretary of State.

24 (2) A statement shall contain the information required by this subchapter. It may
 25 also contain other information.

26 (3) The statement shall be typewritten or printed or, if electronically transmitted, it
 27 shall be in a format that can be retrieved or reproduced in typewritten or printed

1 form.

2 (4) The statement shall be in the English language. A partnership name may be in a
3 language other than English if written in English letters or Arabic or Roman
4 numerals. Any statement that may be filed by a foreign partnership that is duly
5 authenticated by the official having custody of the applicable records in the state,
6 country, or other jurisdiction under whose law the partnership is formed may be
7 in a language other than English if accompanied by a reasonably authenticated
8 English translation.

9 (5) The person or persons executing the statement shall sign it and state beneath or
10 opposite the signature the name of the person and the capacity in which they
11 sign.

12 (6) The person or persons executing the statement may do so as an attorney-in-fact.
13 Powers of attorney relating to the execution of the statement shall not be required
14 to be provided to or filed with the Secretary of State.

15 (7) If the Secretary of State has prescribed a mandatory form for a statement or other
16 filing, then the statement or other filing shall be in or on the prescribed form.

17 (8) In order to be filed, a statement shall be delivered to the office of the Secretary of
18 State. Delivery may be made by electronic transmission if and to the extent
19 permitted by the Secretary of State. If it is filed in typewritten or printed form and
20 not transmitted electronically, then the Secretary of State may require one (1)
21 exact or conformed copy to be delivered with the statement.

22 (9) When the statement is delivered to the office of the Secretary of State for filing,
23 the correct filing fee and any penalty required by this subchapter or other law to
24 be collected by the office of the Secretary of State therewith shall be paid or
25 provision for payment made in a manner permitted by the Secretary of State. The
26 Secretary of State may accept payment of the correct amount due by credit card,
27 debit card, charge card or similar method. However, if the amount due is

tendered by any method other than cash, then the liability is not finally discharged until the Secretary of State receives final payment or credit of collectible funds.

SECTION 9. A NEW SECTION OF SUBCHAPTER 1 OF KRS CHAPTER 362 IS CREATED TO READ AS FOLLOWS:

(1) The Secretary of State shall collect the following fees when the statements described in this subsection are delivered for filing:

- (a) Statement of Partnership Authority \$40.00
- (b) Statement of Denial \$20.00
- (c) Statement of Dissociation \$20.00
- (d) Statement of Dissolution \$40.00
- (e) Statement of Merger \$40.00
- (f) Statement of Qualification \$40.00
- (g) Amendment to a Statement of Qualification \$40.00
- (h) Statement of Foreign Qualification \$90.00
- (i) Reinstatement of a Statement of Qualification \$100.00
- (j) Change of Registered Agent or Change of the Address of the Registered Office, or Both \$10.00
- (k) Registered Agent's Statement of Change of Registered Office for Each Affected Partnership \$10.00
- (l) Change of the Mailing Address of the Chief Executive Office \$10.00
- (m) Application to Reserve a Name for Use by a Domestic or Foreign Partnership \$15.00
- (n) Notice of the Transfer of a Name Reserved for Use by a Domestic or Foreign Partnership \$15.00
- (o) Application for Registered Name \$36.00
- (p) Application for Renewal of Registered Name \$36.00

1 (q) Annual report.....\$15.00

2 (r) Amendment to the annual report.....\$10.00

3 (s) All other filings \$40.00

4 (2) The Secretary of State shall collect the following fees for copying and certifying
 5 the copy of any filed statements relating to a domestic or foreign partnership:

6 (a) Fifty cents (\$0.50) a page for copying; and

7 (b) Five dollars (\$5) for the certificate.

8 SECTION 10. A NEW SECTION OF SUBCHAPTER 1 OF KRS CHAPTER 362
 9 IS CREATED TO READ AS FOLLOWS:

10 (1) Except as provided in subsection (2) of this section, a statement shall be effective
 11 at the date and time of filing, as evidenced by such means as the Secretary of
 12 State may use for the purpose of recording the date and time of filing.

13 (2) A statement may specify a delayed effective time and date, and if it does so and is
 14 filed pursuant to subsection (1) of this section, the statement shall become
 15 effective at the time and date specified. If a delayed effective date but no time is
 16 specified, the statement shall be effective at the close of business on that date. A
 17 delayed effective date for a statement shall not be later than the ninetieth (90th)
 18 day after the date it is filed.

19 (3) Except as provided in subsection (5) of Section 30 of this Act, a statement filed in
 20 accordance with this subchapter shall be effective regardless of a failure to file
 21 the statement with the county clerk.

22 SECTION 11. A NEW SECTION OF SUBCHAPTER 1 OF KRS CHAPTER 362
 23 IS CREATED TO READ AS FOLLOWS:

24 (1) If a statement delivered to the Secretary of State for filing satisfies the
 25 requirements of this subchapter, then the Secretary of State shall file it.

26 (2) The Secretary of State shall file a statement by recording it as filed on the date
 27 and time of receipt. After filing a statement, the Secretary of State shall deliver to

the domestic or foreign partnership or its representative a copy of the statement with an acknowledgment of the date and time of filing.

(3) If the Secretary of State refuses to file a statement, then the Secretary of State shall return it to the domestic or foreign partnership or its representative within five (5) days after the statement was delivered, together with a brief, written explanation of the reason for the refusal.

(4) The Secretary of State's duty to file statements under this section shall be ministerial. The filing or refusal to file a statement by the Secretary of State shall not:

(a) Affect the validity or invalidity of the statement in whole or in part;

(b) Relate to the correctness or incorrectness of information contained in the statement; or

(c) Create a presumption that the statement is valid or invalid or that information contained in the statement is correct or incorrect.

SECTION 12. A NEW SECTION OF SUBCHAPTER 1 OF KRS CHAPTER 362 IS CREATED TO READ AS FOLLOWS:

If the Secretary of State refuses to file a statement delivered for filing, then the domestic or foreign partnership, or in the case of a statement filed by an individual, that individual, may appeal the refusal to the Franklin Circuit Court. The appeal shall be commenced by petitioning the court to compel filing the statement and by attaching to the petition the statement and the Secretary of State's explanation of the refusal to file. The court may summarily order the Secretary of State to file the statement or take other action the court considers appropriate. The Court's final decision may be appealed as are other civil proceedings.

SECTION 13. A NEW SECTION OF SUBCHAPTER 1 OF KRS CHAPTER 362 IS CREATED TO READ AS FOLLOWS:

A certificate attached to a copy of the statement filed by the Secretary of State, bearing

his signature, which may be in facsimile, and the seal of this Commonwealth, shall be
conclusive evidence that the original statement is on file with the Secretary of State.
The only obligation of the Secretary of State is to certify that a statement is of record,
and the Secretary of State is not obligated to certify as to any fact set forth in a
statement of record.

SECTION 14. A NEW SECTION OF SUBCHAPTER 1 OF KRS CHAPTER 362
 IS CREATED TO READ AS FOLLOWS:

(1) Except as authorized by subsections (2) and (3) of this section, the name of a
partnership as set forth on a statement of qualification or statement of foreign
qualification shall be distinguishable from any name of record with the Secretary
of State.

(2) No partnership may include in its name "corporation," "incorporated," or the
abbreviations "corp." or "inc." and only a partnership that has filed a statement
of qualification or a statement of foreign qualification may include in its name
"limited" or the abbreviation "ltd."

(3) A partnership may use the name, including the fictitious name, with any
modification required by this section or Section 70 of this Act of another business
entity that is used in this Commonwealth if the other business entity is organized
or authorized to transact business in this Commonwealth and the partnership:

(a) Has merged with the other business entity;

(b) Has been formed by reorganization of the other business entity; or

(c) Has acquired all or substantially all of the assets, including the business
name, of the other business entity.

(4) This subchapter shall not control the use of assumed names.

(5) The filing of a statement, including statement of qualification or statement of
foreign qualification, under the particular name of the partnership shall not
automatically prevent the use of that name or protect that name from use by

1 other persons.

2 (6) If a foreign limited liability partnership authorized to transact business in this
 3 Commonwealth changes its name to one that does not satisfy the requirements of
 4 this section, then it shall not transact business in this Commonwealth under the
 5 changed name until it adopts a name satisfying the requirements of this section
 6 and amends its statement of foreign qualification to set forth that name.

7 SECTION 15. A NEW SECTION OF SUBCHAPTER 1 OF KRS CHAPTER 362
 8 IS CREATED TO READ AS FOLLOWS:

9 (1) A person may apply to the Secretary of State to reserve the exclusive use of a
 10 partnership name, including the fictitious name, for a limited liability partnership
 11 or for a foreign limited liability partnership whose partnership name is not
 12 available for use in this Commonwealth. If the Secretary of State finds that the
 13 name applied for is available, then the Secretary of State shall reserve the name
 14 for the applicant's exclusive use for one (1) nonrenewable period of one hundred
 15 twenty (120) days.

16 (2) The holder of a reserved partnership name may transfer the reservation to
 17 another person by delivering to the Secretary of State a notice of the transfer,
 18 executed by the holder for whom the name was reserved, and specifying the name
 19 and address of the transferee.

20 (3) The holder of a reserved partnership name may cancel the reservation by delivery
 21 to the Secretary of State of a notice of cancellation, executed by the applicant for
 22 whom the name was reserved, that states the reserved name and its date of
 23 reservation.

24 SECTION 16. A NEW SECTION OF SUBCHAPTER 1 OF KRS CHAPTER 362
 25 IS CREATED TO READ AS FOLLOWS:

26 (1) A foreign limited liability partnership may register its name, or its name with any
 27 addition required by Section 70 of this Act, if the name is distinguishable upon

- 1 the records of the Secretary of State as required under Section 14 of this Act.
- 2 (2) A foreign limited liability partnership shall register its name, or its name with any
 3 addition required by Section 70 of this Act, by delivering to the Secretary of State
 4 for filing an application setting forth:
- 5 (a) Its name, or its name with any addition required by Section 70 of this Act;
 6 (b) The state or country and date of its organization; and
 7 (c) A statement that the foreign partnership validly exists as a partnership
 8 under the laws of the jurisdiction of its formation.
- 9 (3) The name shall be registered for the applicant's exclusive use upon the effective
 10 date of the application.
- 11 (4) A foreign limited liability partnership whose registration is effective may renew it
 12 for successive years by delivering to the Secretary of State for filing a renewal
 13 application between October 1 and December 31 of the preceding year. The
 14 renewal application shall comply with the requirements of subsection (2) of this
 15 section and when filed shall renew the registration for the following calendar
 16 year.
- 17 (5) A foreign limited liability partnership whose name registration is effective may
 18 thereafter qualify as a foreign limited liability partnership under the registered
 19 name or consent in writing to the use of that name by a partnership thereafter
 20 organized under this subchapter or by another foreign limited liability
 21 partnership thereafter authorized to transact business in this Commonwealth.
 22 The registration shall terminate when the domestic partnership is organized or
 23 the foreign limited liability partnership qualifies or consents to the qualification
 24 of another foreign limited liability partnership under the registered name.

25 SECTION 17. A NEW SECTION OF SUBCHAPTER 1 OF KRS CHAPTER 362
 26 IS CREATED TO READ AS FOLLOWS:

- 27 (1) Each limited liability partnership and each foreign limited liability partnership

authorized to transact business in the Commonwealth pursuant to Sections 71 to 74 of this Act shall continuously maintain in this Commonwealth:

(a) A registered office that may be the same as any of its places of business; and

(b) A registered agent who shall be:

1. An individual who is a resident of this Commonwealth and whose business office is identical with the registered office;

2. A domestic corporation, domestic limited liability company, or domestic nonprofit corporation whose business office is identical with the registered office; or

3. A foreign corporation, foreign limited liability company, or foreign nonprofit corporation authorized to transact business in this Commonwealth whose business office is identical with the registered office.

(2) Unless the registered agent signs the document making the appointment, the appointment of a registered agent or a successor registered agent on whom process may be served shall not be effective until the agent delivers a statement in writing to the Secretary of State accepting the appointment.

SECTION 18. A NEW SECTION OF SUBCHAPTER 1 OF KRS CHAPTER 362 IS CREATED TO READ AS FOLLOWS:

(1) A limited liability partnership or foreign limited liability partnership authorized to transact business in this Commonwealth pursuant to Sections 71 to 74 of this Act may change its registered office or registered agent, or both, upon filing in the office of the Secretary of State a statement of change on a form supplied by the Secretary of State that sets forth:

(a) The name of the partnership;

(b) The street address of its current registered office;

(c) If the current registered office is to be changed, the street address of the

1 new registered office;

2 (d) The name of its current registered agent;

3 (e) If the current registered agent is to be changed, the name of the new
4 registered agent and the new registered agent's written consent; and

5 (f) That after the change or changes are made, the street addresses of its
6 registered office and the business office of its registered agent will be
7 identical.

8 (2) If a registered agent changes the street address of the registered agent's business
9 office to another place within this Commonwealth, then the registered agent shall
10 change the street address of the registered office of any domestic partnership that
11 has filed a statement of qualification or foreign partnership of which the
12 registered agent is a registered agent by notifying the domestic partnership that
13 has filed a statement of qualification or foreign partnership in writing of the
14 change, and delivering to the Secretary of State for filing a statement that
15 complies with the requirements of subsection (1) of this section and recites that
16 the partnership has been notified of the change.

17 (3) The change of address of the registered office or registered agent shall be
18 effective on delivery of the statement of change to the Secretary of State. The
19 appointment of a new registered agent shall be effective on delivery of the
20 statement of change to the Secretary of State and on receipt by the Secretary of
21 State of evidence that the new registered agent has accepted appointment
22 pursuant to subsection (2) of Section 17 of this Act.

23 SECTION 19. A NEW SECTION OF SUBCHAPTER 1 OF KRS CHAPTER 362
24 IS CREATED TO READ AS FOLLOWS:

25 (1) A registered agent may resign as registered agent by signing and delivering to the
26 Secretary of State for filing the executed original and two (2) exact or conformed
27 copies of a statement of resignation. The statement may also include a statement

that the registered office is discontinued.

(2) After filing the statement, the Secretary of State shall mail one (1) copy to the registered office, if not discontinued, and the other copy to the limited liability partnership or foreign limited liability partnership at its principal office.

(3) The agency appointment shall be terminated, and the registered office discontinued if so provided, on the thirty-first day after the date on which the statement was filed.

SECTION 20. A NEW SECTION OF SUBCHAPTER 1 OF KRS CHAPTER 362 IS CREATED TO READ AS FOLLOWS:

(1) The registered agent of a limited liability partnership or of a foreign limited liability partnership authorized to transact business in this Commonwealth pursuant to Sections 71 to 74 of this Act shall be the partnership's agent for service of process, notice, or demand required or permitted by law to be served on the domestic limited liability partnership or foreign partnership.

(2) If a limited liability partnership or foreign limited liability partnership authorized to transact business in this Commonwealth pursuant to Sections 71 to 74 of this Act has no registered agent in this Commonwealth, or the registered agent cannot with reasonable diligence be served, then the partnership may be served by registered or certified mail, return receipt requested, addressed to the partnership at its principal office. Service shall be perfected under this subsection at the earliest of:

(a) The date the partnership receives the mail;

(b) The date shown on the return receipt, if signed on behalf of the domestic or foreign partnership; or

(c) Five (5) days after its deposit in the United States mail, as evidenced by the postmark, if mailed postpaid and correctly addressed.

(3) An agent named pursuant to subsection (1)(a)3. of Section 30 of this Act is not a

1 registered agent for the partnership, and service of process is not accomplished
 2 against that agent.

3 (4) This section does not prescribe the only means, or necessarily the required
 4 means, of serving a limited liability partnership or a foreign limited liability
 5 partnership authorized to transact business in this Commonwealth pursuant to
 6 Sections 71 to 74 of this Act.

7 SECTION 21. A NEW SECTION OF SUBCHAPTER 1 KRS CHAPTER 362 IS
 8 CREATED TO READ AS FOLLOWS:

9 (1) Each limited liability partnership and each foreign limited liability partnership
 10 authorized to transact business in this Commonwealth pursuant to Sections 71 to
 11 74 of this Act shall file an annual report in the office of the Secretary of State on
 12 such form as shall be prescribed by the Secretary of State which contains:

13 (a) The name of the partnership and the state or other jurisdiction under whose
 14 laws it is formed;

15 (b) The street address of the partnership's chief executive office and, if
 16 different, the street address of an office of the partnership in this
 17 Commonwealth, if any; and

18 (c) The address of its registered office and the name of its registered agent in
 19 this Commonwealth.

20 (2) Information in the annual report shall be current as of the date the annual report
 21 is executed on behalf of the partnership.

22 (3) The first annual report shall be delivered to the Secretary of State between
 23 January 1 and June 30 of the year following the calendar year in which a
 24 partnership files a statement of qualification or statement of foreign
 25 qualification. Subsequent annual reports shall be delivered to the Secretary of
 26 State between January 1 and June 30 of the following calendar years.

27 (4) If an annual report does not contain the information required by this section,

then the Secretary of State shall promptly notify the reporting partnership in writing and return the report to it for correction.

(5) A limited liability partnership or foreign limited liability partnership may amend the information in its last filed annual report by delivery to the Secretary of State of an amendment to the annual report on an appropriate form provided by the Secretary of State.

SECTION 22. A NEW SECTION OF SUBCHAPTER 1 OF KRS CHAPTER 362 IS CREATED TO READ AS FOLLOWS:

(1) The Secretary of State may commence a proceeding to administratively dissolve a statement of qualification if:

(a) The limited liability partnership does not file its annual report with the Secretary of State within sixty (60) days after it is due;

(b) The limited liability partnership is without a registered agent or registered office in this Commonwealth for sixty (60) days or more; or

(c) The limited liability partnership does not notify the Secretary of State within sixty (60) days that its registered agent or registered office has been changed, that its registered agent has resigned, or that its registered office has been discontinued.

(2) If the Secretary of State determines that one (1) or more grounds exist under subsection (1) of this section for the administrative dissolution of a statement of qualification, then he shall serve the partnership with written notice of his determination by mailing such notice by first class mail to the limited liability partnership at the street address of the partnership's chief executive office as set forth in the partnership's most recent annual report filed pursuant to Section 21 of this Act or, if none, that set forth in the statement of partnership qualification filed pursuant to Section 69 of this Act or the statement of foreign qualification filed by a foreign limited liability partnership pursuant to Section 72 of this Act.

- 1 (3) If the limited liability partnership does not correct each ground for dissolution or
 2 demonstrate to the reasonable satisfaction of the Secretary of State that each
 3 ground determined by the Secretary of State does not exist within sixty (60) days
 4 from the date on which the notice was mailed, then the Secretary of State shall
 5 administratively dissolve the statement of qualification by signing a certificate of
 6 dissolution that recites the ground or grounds for dissolution and its effective
 7 date. The Secretary of State shall file the original certificate and serve a copy on
 8 the limited liability partnership by mailing such certificate by first class mail to
 9 the partnership at its registered office. The administrative dissolution of a
 10 statement of qualification shall not terminate the authority of the registered agent
 11 of the partnership.
- 12 (4) The administrative dissolution of a statement of qualification affects only the
 13 partnership's status as a limited liability partnership and is not an event of
 14 dissolution of the partnership.
- 15 (5) The partnership whose statement of qualification has been administratively
 16 dissolved may apply to the Secretary of State for reinstatement of the statement at
 17 any time after the effective date of the dissolution by filing an application that:
 18 (a) Recites the name of the partnership, identifies the statement that was
 19 administratively dissolved and the effective date of that administrative
 20 dissolution;
 21 (b) States that the ground or grounds for dissolution either did not exist or have
 22 been eliminated;
 23 (c) States that the name of the partnership satisfies the requirements of Section
 24 14 of this Act; and
 25 (d) Is accompanied by the reinstatement penalty and the current fee for filing
 26 each delinquent annual report.
- 27 (6) If the Secretary of State determines that the application contains the information

required by subsection (5) of this section and that the information provided therein is correct, then the Secretary of State shall cancel the certificate of administrative dissolution and prepare a certificate reciting the cancellation of the administrative dissolution and the effective date thereof, file the original of the certificate and serve a copy on the partnership by mailing the certificate by first class mail to the partnership at its registered office. When the revocation of the administrative dissolution is effective, it shall relate back to and take effect as of the effective date of the administrative dissolution, and the statement or statements shall be in full force and effect as if the administrative dissolution had never occurred.

(7) If the Secretary of State denies a partnership's application for reinstatement of its statement of qualification following administrative dissolution, then he shall serve the partnership with written notice that explains the reason or reasons for denial by mailing the notice by first class mail to the partnership at its registered office. The partnership may appeal the denial of reinstatement to the Franklin Circuit Court within thirty (30) days after the service of the notice of the denial transmitted to the partnership. The partnership may appeal by petitioning the court to set aside the administrative dissolution and attaching to the petition copies of the Secretary of State's certificate of administrative dissolution, the partnership's application for reinstatement and the Secretary of State's notice of denial. The court may summarily order the Secretary of State to reinstate the statement of qualification or may take any other action the court considers appropriate. The court's final decision may be appealed as in any other civil proceedings.

SECTION 23. A NEW SECTION OF SUBCHAPTER 1 OF KRS CHAPTER 362 IS CREATED TO READ AS FOLLOWS:

(1) The Secretary of State may commence a proceeding under subsection (2) of this

section to revoke the statement of foreign qualification of a foreign limited liability partnership authorized to transact business in this Commonwealth if:

(a) The foreign limited liability partnership does not file its annual report to the Secretary of State within sixty (60) days after it is due;

(b) The foreign limited liability partnership is without a registered agent or registered office in this Commonwealth for sixty (60) days or more;

(c) The foreign limited liability partnership does not inform the Secretary of State that its registered agent or registered office has changed, that its registered agent has resigned, or that its registered office has been discontinued within sixty (60) days of the change, resignation or discontinuance; or

(d) The Secretary of State receives a duly authenticated certificate from the Secretary of State or other official having custody of partnership records in the state or country under whose law the foreign limited liability partnership is formed stating that it has been dissolved or disappeared as the result of a merger, consolidation or conversion.

(2) If the Secretary of State determines that one (1) or more grounds exist for the revocation of a statement of foreign qualification, then he shall serve the foreign limited liability partnership with written notice of his determination by mailing the notice by first class mail to the foreign limited liability partnership at the street address of the partnership's chief executive office as set forth in the most recent annual report filed pursuant to Section 21 of this Act or, if none, that set forth in the statement of foreign qualification filed pursuant to Section 72 of this Act.

(3) If the foreign limited liability partnership does not correct each ground for revocation or demonstrate to the reasonable satisfaction of the Secretary of State that each ground determined by the Secretary of State does not exist within sixty

1 (60) days after the mailing of the notice, then the Secretary of State may revoke
 2 the foreign limited liability partnership's statement of foreign qualification by
 3 signing a certificate of revocation that recites the ground or grounds for
 4 revocation and its effective date. The Secretary of State shall file the original of
 5 the certificate and serve a copy on the foreign partnership by mailing the notice
 6 by first class mail to the foreign limited liability partnership at the street address
 7 of the partnership's chief executive office as set forth in the most recent annual
 8 report filed pursuant to Section 21 of this Act or, if none, that set forth in the
 9 statement of foreign qualification filed pursuant to Section 72 of this Act.

10 (4) The authority of a foreign limited liability partnership to transact business in this
 11 Commonwealth shall cease on the date shown on the certificate revoking its
 12 statement of foreign qualification.

13 (5) The Secretary of State's revocation of a foreign limited liability partnership's
 14 statement of foreign qualification shall be considered to appoint the Secretary of
 15 State the foreign limited liability partnership's agent for service of process in any
 16 proceeding based on the cause of action that arose during the time the foreign
 17 limited liability partnership was authorized to transact business in this
 18 Commonwealth. Service of process on the Secretary of State under this
 19 subsection shall be service on the foreign limited liability partnership. Upon
 20 receipt of process, the Secretary of State shall mail a copy of the process to the
 21 foreign limited liability partnership at its principal office shown in its most recent
 22 annual report or any subsequent communication received from the foreign
 23 limited liability partnership stating the current mailing address of its principal
 24 office, or, if none are on file, in its statement of foreign qualification.

25 (6) Revocation of a foreign limited liability partnership's statement of foreign
 26 qualification shall not terminate the authority of the registered agent of the
 27 partnership.

(7) A foreign limited liability partnership may appeal the Secretary of State's revocation of its statement of foreign qualification to the Franklin Circuit Court within thirty (30) days after service of the certificate of revocation. The foreign limited liability partnership may appeal by petitioning the court to set aside the revocation and attaching to the petition copies of its statement of foreign qualification and the Secretary of State's certificate of revocation.

(8) The court may summarily order the Secretary of State to reinstate the statement of foreign qualification or may take any other action the court considers appropriate.

(9) The court's final decision may be appealed as in other civil proceedings.

SECTION 24. A NEW SECTION OF SUBCHAPTER 1 OF KRS CHAPTER 362 IS CREATED TO READ AS FOLLOWS:

(1) A partnership is an entity distinct from its partners.

(2) A limited liability partnership is a partnership and continues to be the same entity that existed before the filing of a statement of qualification under Section 69 of this Act.

SECTION 25. A NEW SECTION OF SUBCHAPTER 1 OF KRS CHAPTER 362 IS CREATED TO READ AS FOLLOWS:

(1) Except as otherwise provided in subsection (2) of this section, the association of two (2) or more persons to carry on as co-owners a business for profit forms a partnership, whether or not the persons intend to form a partnership.

(2) An association formed under a statute other than this subchapter, a predecessor statute, or a comparable statute of another jurisdiction is not a partnership under this subchapter.

(3) In determining whether a partnership is formed, the following rules apply:

(a) Joint tenancy, tenancy in common, tenancy by the entireties, joint property, common property, or part ownership does not by itself establish a

partnership, even if the co-owners share profits made by the use of the property.

(b) The sharing of gross returns does not by itself establish a partnership, even if the persons sharing them have a joint or common right or interest in property from which the returns are derived.

(c) A person who receives a share of the profits of a business is presumed to be a partner in the business, unless the profits were received in payment:

1. Of a debt by installments or otherwise;

2. For services as an independent contractor or of wages or other compensation to an employee;

3. Of rent;

4. Of an annuity or other retirement or health benefit to a beneficiary, representative, or designee of a deceased or retired partner;

5. Of interest or other charge on a loan, even if the amount of payment varies with the profits of the business, including a direct or indirect present or future ownership of the collateral, or rights to income, proceeds, or increase in value derived from the collateral; or

6. For the sale of the goodwill of a business or other property by installments or otherwise.

SECTION 26. A NEW SECTION OF SUBCHAPTER 1 OF KRS CHAPTER 362 IS CREATED TO READ AS FOLLOWS:

Property transferred to or otherwise acquired by a partnership is property of the partnership and not of the partners individually.

SECTION 27. A NEW SECTION OF SUBCHAPTER 1 OF KRS CHAPTER 362 IS CREATED TO READ AS FOLLOWS:

(1) Property is partnership property if acquired in the name of:

(a) The partnership; or

1 **(b) One (1) or more partners with an indication in the instrument transferring**
 2 **title to the property of the person's capacity as a partner or of the existence**
 3 **of a partnership but without an indication of the name of the partnership.**

4 **(2) Property is acquired in the name of the partnership by a transfer to:**

5 **(a) The partnership in its name; or**

6 **(b) One (1) or more partners in their capacity as partners in the partnership, if**
 7 **the name of the partnership is indicated in the instrument transferring title**
 8 **to the property.**

9 **(3) Property is presumed to be partnership property if purchased with partnership**
 10 **assets, even if not acquired in the name of the partnership or of one or more**
 11 **partners with an indication in the instrument transferring title to the property of**
 12 **the person's capacity as a partner or of the existence of a partnership.**

13 **(4) Property acquired in the name of one or more of the partners, without an**
 14 **indication in the instrument transferring title to the property of the person's**
 15 **capacity as a partner or of the existence of a partnership and without use of**
 16 **partnership assets, is presumed to be separate property, even if used for**
 17 **partnership purposes.**

18 SECTION 28. A NEW SECTION OF SUBCHAPTER 1 OF KRS CHAPTER 362
 19 IS CREATED TO READ AS FOLLOWS:

20 **Subject to the effect of a statement of partnership authority under Section 30 of this**
 21 **Act:**

22 **(1) Each partner is an agent of the partnership for the purpose of its business. An act**
 23 **of a partner, including the execution of an instrument in the partnership name,**
 24 **for apparently carrying on in the ordinary course the partnership business or**
 25 **business of the kind carried on by the partnership binds the partnership, unless**
 26 **the partner had no authority to act for the partnership in the particular matter**
 27 **and the person with whom the partner was dealing had notice that the partner**

1 lacked authority.

2 (2) An act of a partner which is not apparently for carrying on in the ordinary course
 3 the partnership business or business of the kind carried on by the partnership
 4 binds the partnership only if the act was authorized by all of the other partners.

5 SECTION 29. A NEW SECTION OF SUBCHAPTER 1 OF KRS CHAPTER 362
 6 IS CREATED TO READ AS FOLLOWS:

7 (1) Partnership property may be transferred as follows:

8 (a) Subject to the effect of a statement of partnership authority under Section
 9 30 of this Act, partnership property held in the name of the partnership may
 10 be transferred by an instrument of transfer executed by a partner in the
 11 partnership name.

12 (b) Partnership property held in the name of one (1) or more partners with an
 13 indication in the instrument transferring the property to them of their
 14 capacity as partners or of the existence of a partnership, but without an
 15 indication of the name of the partnership, may be transferred by an
 16 instrument of transfer executed by the persons in whose name the property
 17 is held.

18 (c) Partnership property held in the name of one (1) or more persons other
 19 than the partnership, without an indication in the instrument transferring
 20 the property to them of their capacity as partners or of the existence of a
 21 partnership, may be transferred by an instrument of transfer executed by
 22 the persons in whose name the property is held.

23 (2) A partnership may recover partnership property from a transferee only if it
 24 proves that execution of the instrument of initial transfer did not bind the
 25 partnership under Section 28 of this Act and:

26 (a) As to a subsequent transferee who gave value for property transferred under
 27 paragraph (a) or (b) of subsection (1) of this section, proves that the

1 subsequent transferee had notice that the person who executed the
 2 instrument of initial transfer lacked authority to bind the partnership; or
 3 (b) As to a transferee who gave value for property transferred under subsection
 4 (1)(c) of this section, proves that the transferee had notice that the property
 5 was partnership property and that the person who executed the instrument
 6 of initial transfer lacked authority to bind the partnership.

7 (3) A partnership shall not recover partnership property from a subsequent
 8 transferee if the partnership would not have been entitled to recover the property,
 9 under subsection (2) of this section, from any earlier transferee of the property.

10 (4) If a person holds all of the partners' interests in the partnership, all of the
 11 partnership property vests in that person. The person may execute a document in
 12 the name of the partnership to evidence vesting of the property in that person and
 13 may file or record the document.

14 SECTION 30. A NEW SECTION OF SUBCHAPTER 1 OF KRS CHAPTER 362
 15 IS CREATED TO READ AS FOLLOWS:

16 (1) A partnership may file a statement of partnership authority, which:

17 (a) Shall include:

- 18 1. The name of the partnership, which shall comply with Sections 14 and
 19 70 of this Act;
- 20 2. The street address of its chief executive office and of one (1) office in
 21 this Commonwealth, if any;
- 22 3. The names and mailing addresses of all of the partners or of an agent
 23 appointed and maintained by the partnership for the purpose of
 24 subsection (2) of this section;
- 25 4. The names of the partners authorized to execute an instrument
 26 transferring real property held in the name of the partnership;
- 27 5. The date any statement of qualification or statement of foreign

1 qualification was previously filed by the partnership with the Secretary
 2 of State; and

3 **(b) May state the authority, or limitations on the authority, of some or all of the**
 4 **partners to enter into other transactions on behalf of the partnership and**
 5 **any other matter.**

6 **(2) The agent named in the statement of partnership authority pursuant to**
 7 **subsection (1)(a)3. of this section, if any, shall maintain a list of the names and**
 8 **mailing addresses of all of the partners and make it available to any person on**
 9 **written request for good cause shown.**

10 **(3) If a filed statement of partnership authority is executed pursuant to subsection (3)**
 11 **of Section 5 of this Act and states the name of the partnership but does not**
 12 **contain all of the other information required by subsection (1) of this section,**
 13 **then the statement nevertheless operates with respect to a person not a partner as**
 14 **provided in subsections (4) and (5) of this section.**

15 **(4) Except as otherwise provided in subsection (7) of this section, a filed statement of**
 16 **partnership authority supplements the authority of a partner to enter into**
 17 **transactions on behalf of the partnership as follows:**

18 **(a) Except for transfers of real property, a grant of authority contained in a**
 19 **filed statement of partnership authority is conclusive in favor of a person**
 20 **who gives value without notice to the contrary, so long as and to the extent**
 21 **that a limitation on that authority is not then contained in another filed**
 22 **statement. A filed cancellation of a limitation on authority revives the**
 23 **previous grant of authority.**

24 **(b) A grant of authority to transfer real property held in the name of the**
 25 **partnership contained in a certified copy of a filed statement of partnership**
 26 **authority recorded in the office for recording transfers of that real property**
 27 **is conclusive in favor of a person who gives value without having notice to**

1 the contrary, so long as and to the extent that a certified copy of a filed
 2 statement containing a limitation on that authority is not then of record in
 3 the office for recording transfers of that real property. The recording in the
 4 office for recording transfers of that real property of a certified copy of a
 5 filed cancellation of a limitation on authority revives the previous grant of
 6 authority.

7 (5) A person not a partner has knowledge of a limitation on the authority of a
 8 partner to transfer real property held in the name of the partnership if a certified
 9 copy of the filed statement containing the limitation on authority is of record in
 10 the office for recording transfers of that real property.

11 (6) Except as otherwise provided in subsections (4) and (5) of this section and
 12 Sections 50 and 56 of this Act, a person not a partner does not have notice of a
 13 limitation on the authority of a partner merely because the limitation is contained
 14 in a filed statement.

15 (7) Unless earlier canceled, a filed statement of partnership authority is canceled by
 16 operation of law five (5) years after the date on which the statement, or the most
 17 recent amendment to the statement of partnership authority expressly extending
 18 its term for not more than five (5) years from the date of the amendment, was
 19 filed with the Secretary of State.

20 SECTION 31. A NEW SECTION OF SUBCHAPTER 1 OF KRS CHAPTER 362
 21 IS CREATED TO READ AS FOLLOWS:

22 A partner or other person named as a partner in a filed statement of partnership
 23 authority or in a list maintained by an agent pursuant to subsection (2) of Section 30 of
 24 this Act may file a statement of denial stating the name of the partnership, the date of
 25 filing of the statement of partnership authority and the fact that is being denied, which
 26 may include denial of a person's authority or status as a partner. A statement of denial
 27 is a limitation on authority as provided in subsections (4) and (5) of Section 30 of this

1 Act.

2 SECTION 32. A NEW SECTION OF SUBCHAPTER 1 OF KRS CHAPTER 362
3 IS CREATED TO READ AS FOLLOWS:

4 (1) A partnership is liable for loss or injury caused to a person, or for a penalty
5 incurred, as a result of a wrongful act or omission, or other actionable conduct,
6 of a partner acting in the ordinary course of business of the partnership or with
7 authority of the partnership.

8 (2) If, in the course of the partnership's business or while acting with authority of
9 the partnership, a partner receives or causes the partnership to receive money or
10 property of a person not a partner, and the money or property is misapplied by a
11 partner, then the partnership is liable for the loss.

12 SECTION 33. A NEW SECTION OF SUBCHAPTER 1 OF KRS CHAPTER 362
13 IS CREATED TO READ AS FOLLOWS:

14 (1) Except as otherwise provided in subsections (2) and (3) of this section, all
15 partners are liable jointly and severally for all obligations of the partnership
16 unless otherwise agreed by the claimant or provided by law.

17 (2) A person admitted as a partner into an existing partnership is not personally
18 liable for any partnership obligation incurred before the person's admission as a
19 partner.

20 (3) An obligation of a partnership incurred while the partnership is a limited liability
21 partnership, whether arising in contract, tort, or otherwise, is solely the
22 obligation of the partnership. A partner is not personally liable, directly or
23 indirectly, by way of indemnification, contribution, assessment or otherwise, for
24 such an obligation solely by reason of being or so acting as a partner. This
25 subsection applies notwithstanding anything inconsistent in the partnership
26 agreement that existed immediately before the vote required to become a limited
27 liability partnership under subsection (2) of Section 69 of this Act.

(4) Subsection (3) of this section shall not affect the liability of a partner in a limited liability partnership for his own negligence, wrongful acts, or misconduct.

SECTION 34. A NEW SECTION OF SUBCHAPTER 1 OF KRS CHAPTER 362 IS CREATED TO READ AS FOLLOWS:

(1) A partnership may sue and be sued in the name of the partnership.

(2) An action may be brought against the partnership and, to the extent not inconsistent with Section 33 of this Act, any or all of the partners in the same action or in separate actions.

(3) A judgment against a partnership is not by itself a judgment against a partner. A judgment against a partnership may not be satisfied from a partner's assets unless there is also a judgment against the partner.

(4) A judgment creditor of a partner shall not levy execution against the assets of a partner to satisfy a judgment based on a claim against the partnership unless the partner is personally liable for the claim under Section 33 of this Act and:

(a) A judgment based on the same claim has been obtained against the partnership and a writ of execution on the judgment has been returned unsatisfied in whole or in part;

(b) The partnership is a debtor in bankruptcy;

(c) The partner has agreed that the creditor need not exhaust partnership assets;

(d) A court grants permission to the judgment creditor to levy execution against the assets of a partner based on a finding that partnership assets subject to execution are clearly insufficient to satisfy the judgment, that exhaustion of partnership assets is excessively burdensome, or that the grant of permission is an appropriate exercise of the court's equitable powers; or

(e) Liability is imposed on the partner by law or contract independent of the existence of the partnership.

1 (5) This section applies to any partnership liability or obligation resulting from a
 2 representation by a partner or purported partner under Section 35 of this Act.

3 (6) A partner in a limited liability partnership is not a proper party to a proceeding
 4 against such a partnership solely by reason of being a partner.

5 SECTION 35. A NEW SECTION OF SUBCHAPTER 1 OF KRS CHAPTER 362
 6 IS CREATED TO READ AS FOLLOWS:

7 (1) If a person, by words or conduct, purports to be a partner or consents to being
 8 represented by another as a partner in a partnership or with one or more persons
 9 not partners, then the purported partner is liable to a person to whom the
 10 representation is made, if that person, relying on the representation, enters into a
 11 transaction with the actual or purported partnership and the purported partner
 12 would have been personally liable for obligations of the partnership under
 13 subsection (1) of Section 33 of this Act.

14 (2) Subject to subsection (1) of this section, if the representation, either by the
 15 purported partner or by a person with the purported partner's consent, is made in
 16 a public manner, then the purported partner is liable to a person who relies upon
 17 the purported partnership even if the purported partner is not aware of being held
 18 out as a partner to the claimant. If partnership liability results, then the
 19 purported partner is liable with respect to that liability as if the purported partner
 20 were a partner. If no partnership liability results, then the purported partner is
 21 liable with respect to that liability jointly and severally with any other person
 22 consenting to the representation.

23 (3) Subject to subsection (1) of this section, if a person is thus represented to be a
 24 partner in an existing partnership, or with one or more persons not partners, then
 25 the purported partner is an agent of persons consenting to the representation to
 26 bind them to the same extent and in the same manner as if the purported partner
 27 were a partner, with respect to persons who enter into transactions in reliance

upon the representation. If all of the partners of the existing partnership consent to the representation, then a partnership act or obligation results. If fewer than all of the partners of the existing partnership consent to the representation, then the person acting and the partners consenting to the representation are jointly and severally liable.

(4) A person is not liable as a partner merely because the person is named by another in a statement of partnership authority.

(5) A person does not continue to be liable as a partner merely because of a failure to file a statement of dissociation or to amend a statement of partnership authority to indicate the partner's dissociation from the partnership.

(6) Except as otherwise provided in subsections (1) and (2) of this section, persons who are not partners as to each other are not liable as partners to other persons.

SECTION 36. A NEW SECTION OF SUBCHAPTER 1 OF KRS CHAPTER 362 IS CREATED TO READ AS FOLLOWS:

(1) Each partner is deemed to have an account that is:

(a) Credited with an amount equal to the money plus the value of any other property, net of the amount of any liabilities, the partner contributes to the partnership and the partner's share of the partnership profits; and

(b) Charged with an amount equal to the money plus the value of any other property, net of the amount of any liabilities, distributed by the partnership to the partner and the partner's share of the partnership losses.

(2) Each partner is entitled to an equal share of the partnership profits and is chargeable with a share of the partnership losses in proportion to the partner's share of the profits.

(3) A partnership shall reimburse a partner for payments made and indemnify a partner for liabilities incurred by the partner in the ordinary course of the business of the partnership or for the preservation of its business or property.

(4) A partnership shall reimburse a partner for an advance to the partnership beyond the amount of capital the partner agreed to contribute.

(5) A payment or advance made by a partner which gives rise to a partnership obligation under subsection (3) or (4) of this section constitutes a loan to the partnership which accrues interest from the date of the payment or advance.

(6) Each partner has equal rights in the management and conduct of the partnership business.

(7) A partner may use or possess partnership property only on behalf of the partnership.

(8) A partner is not entitled to remuneration for services performed for the partnership, except for reasonable compensation for services rendered in winding up the business of the partnership.

(9) A person may become a partner only with the consent of all of the partners.

(10) A difference arising as to a matter in the ordinary course of business of a partnership may be decided by a majority of the partners. An act outside the ordinary course of business of a partnership and an amendment to the partnership agreement may be undertaken only with the consent of all of the partners.

(11) This section does not affect the obligations of a partnership to other persons under Section 28 of this Act.

SECTION 37. A NEW SECTION OF SUBCHAPTER 1 OF KRS CHAPTER 362 IS CREATED TO READ AS FOLLOWS:

(1) A partner, regardless of the nature of the partner's contribution, has no right to demand and receive any distribution in kind from a partnership. A partner shall not be compelled to accept a distribution of any asset in kind from a partnership to the extent that the percentage of the asset distributed to the partner exceeds a percentage of that asset which is equal to the percentage in which the partner

shares in distributions from the partnership. A partner may be compelled to accept a distribution of any asset in kind from a partnership to the extent that the percentage of the asset distributed to the partner is equal to a percentage of that asset which is equal to the percentage in which the partner shares in distributions from the partnership.

(2) The property of a partnership subject to this subchapter shall not be subject to KRS 381.135(1)(a)1.

SECTION 38. A NEW SECTION OF SUBCHAPTER 1 OF KRS CHAPTER 362 IS CREATED TO READ AS FOLLOWS:

(1) A partnership shall keep its books and records, if any, at its chief executive office.

(2) A partnership shall provide partners and their agents and attorneys access to its books and records. It shall provide former partners and their agents and attorneys access to books and records pertaining to the period during which they were partners. The right of access provides the opportunity to inspect and copy books and records during ordinary business hours. A partnership may impose a reasonable charge, covering the costs of labor and material, for copies of documents furnished.

(3) Each partner and the partnership shall furnish to a partner, and to the legal representative of a deceased partner or partner under legal disability:

(a) Without demand, any information concerning the partnership's business and affairs reasonably required for the proper exercise of the partner's rights and duties under the partnership agreement or this subchapter; and

(b) On demand, any other information concerning the partnership's business and affairs, except to the extent the demand or the information demanded is unreasonable or otherwise improper under the circumstances.

(4) The partnership agreement may impose reasonable limitations upon use of information obtained under this section and may define appropriate remedies,

1 including liquidated damages, for the breach of any reasonable limitation on use.

2 SECTION 39. A NEW SECTION OF SUBCHAPTER 1 OF KRS CHAPTER 362
3 IS CREATED TO READ AS FOLLOWS:

4 (1) The fiduciary duties a partner owes to the partnership and the other partners
5 include the duty of loyalty and the duty of care set forth in subsections (2) and (3)
6 of this section.

7 (2) A partner's duty of loyalty to the partnership and the other partners includes, but
8 is not limited to, the following:

9 (a) To account to the partnership and hold as trustee for it any property, profit,
10 or benefit derived by the partner in the conduct and winding up of the
11 partnership business or derived from a use by the partner of partnership
12 property, including the appropriation of a partnership opportunity;

13 (b) To refrain from dealing with the partnership in the conduct or winding up
14 of the partnership business as or on behalf of a party having an interest
15 adverse to the partnership; and

16 (c) To refrain from competing with the partnership in the conduct of the
17 partnership business before the dissolution of the partnership.

18 (3) A partner's duty of care to the partnership and the other partners in the conduct
19 and winding up of the partnership business includes, but is not limited to, acting
20 with the care that a reasonable person in a like position would exercise under
21 similar circumstances and in a manner that the partner believes to be in the best
22 interests of the partnership.

23 (4) A partner shall discharge the duties to the partnership and the other partners
24 under this subchapter or under the partnership agreement and exercise any
25 rights consistently with the obligation of good faith and fair dealing.

26 (5) A partner does not violate a duty or obligation under this subchapter or under the
27 partnership agreement merely because the partner's conduct furthers the

partner's own interest.

(6) A partner may lend money to, borrow money from, act as a surety, guarantor or endorser for, guarantee or assume one or more specific obligations of, provide collateral for and transact other business with the partnership, and as to each loan or transaction the rights and obligations of the partner are the same as those of a person who is not a partner, subject to other applicable law.

(7) This section applies to a person winding up the partnership business as the personal or legal representative of the last surviving partner as if the person were a partner.

SECTION 40. A NEW SECTION OF SUBCHAPTER 1 OF KRS CHAPTER 362 IS CREATED TO READ AS FOLLOWS:

(1) A partnership may maintain an action against a partner for a breach of the partnership agreement, or for the violation of a duty to the partnership causing harm to the partnership.

(2) A partner may maintain an action against the partnership or another partner for legal or equitable relief, with or without an accounting as to partnership business, to:

(a) Enforce the partner's rights under the partnership agreement;

(b) Enforce the partner's rights under this subchapter, including:

1. The partner's rights under Section 36, 38, or 39 of this Act;

2. The partner's right on dissociation to have the partner's interest in the partnership purchased pursuant to Section 49 of this Act or enforce any other right under Sections 46 to 53 of this Act; or

3. The partner's right to compel a dissolution and winding up of the partnership business under or enforce any other right under Sections 54 to 60 of this Act; or

(c) Enforce the rights and otherwise protect the interests of the partner,

including rights and interests arising independently of the partnership relationship.

(3) The accrual of, and any time limitation on, a right of action for a remedy under this section is governed by KRS Chapter 413. A right to an accounting upon a dissolution and winding up does not revive a claim barred by law.

SECTION 41. A NEW SECTION OF SUBCHAPTER 1 OF KRS CHAPTER 362 IS CREATED TO READ AS FOLLOWS:

(1) If a partnership for a definite term or particular undertaking is continued, without an express agreement, after the expiration of the term or completion of the undertaking, then the rights and duties of the partners remain the same as they were at the expiration or completion, so far as is consistent with a partnership at will.

(2) If the partners, or the partners who habitually acted in the business during the term or undertaking, continue the business without any settlement or liquidation of the partnership, then they are presumed to have agreed that the partnership will continue.

SECTION 42. A NEW SECTION OF SUBCHAPTER 1 OF KRS CHAPTER 362 IS CREATED TO READ AS FOLLOWS:

Partnership property is owned by the partnership as an entity. A partner is not a co-owner of partnership property and has no interest in partnership property which can be transferred, either voluntarily or involuntarily.

SECTION 43. A NEW SECTION OF SUBCHAPTER 1 OF KRS CHAPTER 362 IS CREATED TO READ AS FOLLOWS:

The only transferable interest of a partner in the partnership is the partner's share of the profits and losses of the partnership and the partner's right to receive distributions. The interest is personal property.

SECTION 44. A NEW SECTION OF SUBCHAPTER 1 OF KRS CHAPTER 362

1 IS CREATED TO READ AS FOLLOWS:

2 (1) A transfer, in whole or in part, of a partner's transferable interest in the
 3 partnership;

4 (a) Is permissible;

5 (b) Does not by itself cause the partner's dissociation or a dissolution and
 6 winding up of the partnership business; and

7 (c) Does not, as against the other partners or the partnership, entitle the
 8 transferee, during the continuance of the partnership, to participate in the
 9 management or conduct of the partnership business, to require access to
 10 information concerning partnership transactions, or to inspect or copy the
 11 partnership books or records.

12 (2) A transferee of a partner's transferable interest in the partnership has a right:

13 (a) To receive, in accordance with the transfer, distributions to which the
 14 transferor would otherwise be entitled;

15 (b) To receive upon the dissolution and winding up of the partnership business,
 16 in accordance with the transfer, the net amount otherwise distributable to
 17 the transferor; and

18 (c) To seek under subsection (6) of Section 54 of this Act a judicial
 19 determination that it is equitable to wind up the partnership business.

20 (3) In a dissolution and winding up, a transferee is entitled to an account of
 21 partnership transactions only from the date of the latest account agreed to by all
 22 of the partners.

23 (4) Upon transfer, the transferor retains the rights and duties of a partner other than
 24 the transferable interest so transferred.

25 (5) A partnership need not give effect to a transferee's rights under this section until
 26 it has notice of the transfer.

27 (6) A transfer of a partner's transferable interest in the partnership in violation of a

restriction on transfer contained in the partnership agreement is ineffective as to a person having notice of the restriction at the time of transfer.

(7) Limitations upon transfer set forth in Sections 42 to 45 of this Act or adopted by the partners in accordance with this subchapter are enforceable notwithstanding KRS 355.9-406 and 355.9-408.

SECTION 45. A NEW SECTION OF SUBCHAPTER 1 OF KRS CHAPTER 362 IS CREATED TO READ AS FOLLOWS:

(1) On application by a judgment creditor of a partner or of a partner's transferee, a court having jurisdiction may charge the transferable interest of the judgment debtor to satisfy the judgment. The court order charging the transferable interest of a partner or of a partner's transferee shall be the sole remedy of a judgment creditor, who shall have no right under this subchapter to participate in the management of or to cause the dissolution of the partnership. The court may appoint a receiver of the share of the distributions due or to become due to the judgment debtor in respect of the partnership and make all other orders, directions, accounts, and inquiries the judgment debtor might have made or which the circumstances of the case may require.

(2) A charging order constitutes a right to receive distributions made with respect to the judgment debtor's transferable interest in the partnership. The court may order a foreclosure of the interest subject to the charging order at any time. The purchaser at the foreclosure sale has the rights of a transferee.

(3) At any time before foreclosure, an interest charged may be redeemed:

(a) By the judgment debtor;

(b) With property other than partnership property, by one or more of the other partners; or

(c) With partnership property, by one (1) or more of the other partners with the consent of all of the partners whose interests are not so charged.

(4) This subchapter does not deprive a partner of a right under exemption laws with respect to the partner's interest in the partnership.

(5) This section provides the exclusive remedy by which a judgment creditor of a partner or partner's transferee may satisfy a judgment out of the judgment debtor's transferable interest in the partnership.

SECTION 46. A NEW SECTION OF SUBCHAPTER 1 OF KRS CHAPTER 362 IS CREATED TO READ AS FOLLOWS:

A partner is dissociated from a partnership upon the occurrence of any of the following events:

(1) When the partnership has notice of the partner's express will to withdraw as a partner unless a later date is specified by the partner in the notice;

(2) An event agreed to in the partnership agreement as causing the partner's dissociation;

(3) The partner's expulsion pursuant to the partnership agreement;

(4) The partner's expulsion by the unanimous vote of the other partners if:

(a) It is unlawful to carry on the partnership business with that partner;

(b) There has been a transfer of all or substantially all of that partner's transferable interest in the partnership, other than a transfer for security purposes that has not been foreclosed, or a court order charging the partner's interest, which has not been foreclosed;

(c) Within ninety (90) days after the partnership notifies a corporate partner that it will be expelled because it has filed a certificate of dissolution or the equivalent, its charter has been revoked, or its right to conduct business has been suspended by the jurisdiction of its incorporation, there is no revocation of the certificate of dissolution or no reinstatement of its charter or its right to conduct business; or

(d) A partnership that is a partner has been dissolved and its business is being

1 wound up;

2 (5) On application by the partnership or another partner, the partner's expulsion by
 3 judicial determination because:

4 (a) The partner engaged in wrongful conduct that adversely and materially
 5 affected the partnership business;

6 (b) The partner willfully or persistently committed a material breach of the
 7 partnership agreement or of a duty owed to the partnership or the other
 8 partners under Section 39 of this Act; or

9 (c) The partner engaged in conduct relating to the partnership business which
 10 makes it not reasonably practicable to carry on the business in partnership
 11 with the partner;

12 (6) The partner's:

13 (a) Becoming a debtor in bankruptcy;

14 (b) Executing an assignment for the benefit of creditors;

15 (c) Seeking, consenting to, or acquiescing in the appointment of a trustee,
 16 receiver, or liquidator of that partner or of all or substantially all of that
 17 partner's property; or

18 (d) Failing, within ninety (90) days after the appointment, to have vacated or
 19 stayed the appointment of a trustee, receiver, or liquidator of the partner or
 20 of all or substantially all of the partner's property obtained without the
 21 partner's consent or acquiescence, or failing within ninety (90) days after
 22 the expiration of a stay to have the appointment vacated;

23 (7) In the case of a partner who is an individual:

24 (a) The partner's death;

25 (b) The appointment of a guardian or general conservator for the partner; or

26 (c) A judicial determination that the partner has otherwise become incapable of
 27 performing the partner's duties under the partnership agreement;

(8) In the case of a partner that is a trust or is acting as a partner by virtue of being a trustee of a trust, distribution of the trust's entire transferable interest in the partnership, but not merely by reason of the substitution of a successor trustee;

(9) In the case of a partner that is an estate or is acting as a partner by virtue of being a personal representative of an estate, distribution of the estate's entire transferable interest in the partnership, but not merely by reason of the substitution of a successor personal representative; or

(10) Termination of any other partner who is an entity.

SECTION 47. A NEW SECTION OF SUBCHAPTER 1 OF KRS CHAPTER 362 IS CREATED TO READ AS FOLLOWS:

(1) A partner has the power to dissociate at any time, rightfully or wrongfully, by express will pursuant to subsection (1) of Section 46 of this Act.

(2) A partner's dissociation is wrongful only if any of the following apply:

(a) It is in breach of an express provision of the partnership agreement; or

(b) In the case of a partnership for a definite term or particular undertaking, before the expiration of the term or the completion of the undertaking if any of the following apply:

1. The partner withdraws by express will, unless the withdrawal follows within ninety (90) days after another partner's dissociation by death or otherwise under subsections (6) to (10) of Section 46 of this Act or wrongful dissociation under this subsection;

2. The partner is expelled by judicial determination under subsection (5) of Section 46 of this Act;

3. The partner is dissociated by becoming a debtor in bankruptcy; or

4. In the case of a partner who is not an individual, trust other than a business trust, or estate, the partner is expelled or otherwise dissociated because it willfully dissolved or terminated.

(3) A partner who wrongfully dissociates is liable to the partnership and to the other partners for damages caused by the dissociation. The liability is in addition to any other obligation of the partner to the partnership or to the other partners.

SECTION 48. A NEW SECTION OF SUBCHAPTER 1 OF KRS CHAPTER 362 IS CREATED TO READ AS FOLLOWS:

(1) If a partner's dissociation results in a dissolution and winding up of the partnership business, then Sections 54 to 60 of this Act apply; otherwise, Sections 49 to 53 of this Act apply.

(2) Upon a partner's dissociation, the dissociating partner's:

(a) Right to participate in the management and conduct of the partnership business terminates, except as otherwise provided in Section 56 of this Act;

(b) Duty of loyalty under subsection (2)(c) of Section 39 of this Act terminates; and

(c) Duty of loyalty under paragraphs (a) and (b) of subsection (2) of Section 39 of this Act and duty of care under subsection (3) of Section 39 of this Act continue only with regard to matters arising and events occurring before the partner's dissociation, unless the partner participates in winding up the partnership's business pursuant to Section 56 of this Act.

SECTION 49. A NEW SECTION OF SUBCHAPTER 1 OF KRS CHAPTER 362 IS CREATED TO READ AS FOLLOWS:

(1) If a partner is dissociated from a partnership without resulting in a dissolution and winding up of the partnership business under Section 54 of this Act, then the partnership shall cause the dissociated partner's interest in the partnership to be purchased for a buyout price determined pursuant to subsection (2) of this section.

(2) The buyout price of a dissociated partner's interest is the amount that would have been distributable to the dissociating partner under subsection (2) of Section 60

of this Act if, on the date of dissociation, the assets of the partnership were sold at a price equal to the greater of the liquidation value or the value based on a sale of the entire business as a going concern without the dissociated partner and the partnership were wound up as of that date. Interest shall be paid from the date of dissociation to the date of payment.

(3) Damages for wrongful dissociation under subsection (2) of Section 47 of this Act, and all other amounts owing, whether or not presently due, from the dissociated partner to the partnership, shall be offset against the buyout price. Interest shall be paid from the date the amount owed becomes due to the date of payment.

(4) A partnership shall indemnify a dissociated partner whose interest is being purchased against all partnership liabilities, whether incurred before or after the dissociation, except liabilities incurred by an act of the dissociated partner under Section 50 of this Act.

(5) If no agreement for the purchase of a dissociated partner's interest is reached within one hundred twenty (120) days after a written demand for payment, then the partnership shall pay, or cause to be paid, in cash to the dissociated partner the amount the partnership estimates to be the buyout price and accrued interest, reduced by any offsets and accrued interest under subsection (3) of this section.

(6) If a deferred payment is authorized under subsection (8) of this section, then the partnership may tender a written offer to pay the amount it estimates to be the buyout price and accrued interest, reduced by any offsets under subsection (3) of this section, stating the time of payment, the amount and type of security for payment, and the other terms and conditions of the obligation.

(7) The payment or tender required by subsection (5) or (6) of this section shall be accompanied by the following:

(a) A statement of partnership assets and liabilities as of the date of dissociation;

- 1 (b) The latest available partnership balance sheet and income statement, if any;
 2 (c) An explanation of how the estimated amount of the payment was
 3 calculated; and
 4 (d) Written notice that the payment is in full satisfaction of the obligation to
 5 purchase unless, within one hundred twenty (120) days after the written
 6 notice, the dissociated partner commences an action to determine the
 7 buyout price, any offsets under subsection (3) of this section, or other terms
 8 of the obligation to purchase.
- 9 (8) A partner who wrongfully dissociates before the expiration of a definite term or
 10 the completion of a particular undertaking is not entitled to payment of any
 11 portion of the buyout price until the expiration of the term or completion of the
 12 undertaking, unless the partner establishes to the satisfaction of the court that
 13 earlier payment will not cause undue hardship to the business of the partnership.
 14 A deferred payment shall be adequately secured and bear interest.
- 15 (9) A dissociated partner may maintain an action against the partnership, pursuant
 16 to subsection (2)(b)2. of Section 40 of this Act, to determine the buyout price of
 17 that partner's interest, any offsets under subsection (3) of this section, or other
 18 terms of the obligation to purchase. The action shall be commenced within one
 19 hundred twenty (120) days after the partnership has tendered payment or an offer
 20 to pay or within one year after written demand for payment if no payment or offer
 21 to pay is tendered. The court shall determine the buyout price of the dissociated
 22 partner's interest, any offset due under subsection (3) of this section, and accrued
 23 interest, and enter judgment for any additional payment or refund. If deferred
 24 payment is authorized under subsection (8) of this section, then the court shall
 25 also determine the security for payment and other terms of the obligation to
 26 purchase. The court may assess reasonable attorney's fees and the fees and
 27 expenses of appraisers or other experts for a party to the action, in amounts the

court finds equitable, against a party that the court finds acted arbitrarily, vexatiously, or not in good faith. The finding may be based on the partnership's failure to tender payment or an offer to pay or to comply with subsection (7) of this section.

SECTION 50. A NEW SECTION OF SUBCHAPTER 1 OF KRS CHAPTER 362 IS CREATED TO READ AS FOLLOWS:

(1) For two (2) years after a partner dissociates without resulting in a dissolution and winding up of the partnership business, the partnership, including a surviving partnership under Sections 61 to 68 of this Act, is bound by an act of the dissociated partner which would have bound the partnership under Section 28 of this Act before dissociation only if at the time of entering into the transaction the other party:

(a) Reasonably believed that the dissociated partner was then a partner;

(b) Did not have notice of the partner's dissociation; and

(c) Is not deemed to have knowledge under subsection (5) of Section 30 of this Act or notice under subsection (3) of Section 52 of this Act.

(2) A dissociated partner is liable to the partnership for any damage caused to the partnership arising from an obligation incurred by the dissociated partner after dissociation for which the partnership is liable under subsection (1) of this section.

SECTION 51. A NEW SECTION OF SUBCHAPTER 1 OF KRS CHAPTER 362 IS CREATED TO READ AS FOLLOWS:

(1) A partner's dissociation does not of itself discharge the partner's liability for a partnership obligation incurred before dissociation. A dissociated partner is not liable for a partnership obligation incurred after dissociation, except as otherwise provided in subsection (2) of this section.

(2) A partner who dissociates without resulting in a dissolution and winding up of

the partnership business is liable as a partner to the other party in a transaction entered into by the partnership, or a surviving partnership under Sections 61 to 68 of this Act, within two (2) years after the partner's dissociation, only if the partner is liable for the obligation under Section 33 of this Act and at the time of entering into the transaction the other party:

(a) Reasonably believed that the dissociated partner was then a partner;

(b) Did not have notice of the partner's dissociation; and

(c) Is not deemed to have knowledge under subsection (5) of Section 30 of this Act or notice under subsection (3) of Section 52 of this Act.

(3) By agreement with the partnership creditor and the partners continuing the business, a dissociated partner may be released from liability for a partnership obligation.

(4) A dissociated partner is released from liability for a partnership obligation if a partnership creditor, with notice of the partner's dissociation but without the partner's consent, agrees to a material alteration in the nature or time of payment of a partnership obligation.

SECTION 52. A NEW SECTION OF SUBCHAPTER 1 OF KRS CHAPTER 362 IS CREATED TO READ AS FOLLOWS:

(1) A dissociated partner or the partnership may file a statement of dissociation stating the name of the partnership and that the partner is dissociated from the partnership.

(2) A statement of dissociation is a limitation on the authority of a dissociated partner for the purposes of subsections (4) and (5) of Section 30 of this Act.

(3) For the purposes of subsection (1)(c) of Section 50 of this Act and subsection (2)(c) of Section 51 of this Act, a person not a partner has notice of the dissociation ninety (90) days after the statement of dissociation is filed.

SECTION 53. A NEW SECTION OF SUBCHAPTER 1 OF KRS CHAPTER 362

1 IS CREATED TO READ AS FOLLOWS:

2 Continued use of a partnership name, or a dissociated partner's name as part of the
 3 partnership name, by partners continuing the business does not of itself make the
 4 dissociated partner liable for an obligation of the partners or the partnership
 5 continuing the business.

6 SECTION 54. A NEW SECTION OF SUBCHAPTER 1 OF KRS CHAPTER 362
 7 IS CREATED TO READ AS FOLLOWS:

8 A partnership is dissolved, and its business shall be wound up, only upon the
 9 occurrence of any of the following events:

10 (1) In a partnership at will, the partnership's having notice from a partner, other
 11 than a partner who is dissociated under subsections (2) to (10) of Section 46 of
 12 this Act, of that partner's express will to withdraw as a partner, or on a later date
 13 specified by the partner;

14 (2) In a partnership for a definite term or particular undertaking:

15 (a) Within ninety (90) days after a partner's dissociation by death or otherwise
 16 under subsections (6) to (10) of Section 46 of this Act or wrongful
 17 dissociation under subsection (2) of Section 47 of this Act, the express will
 18 of at least half of the remaining partners to wind up the partnership
 19 business, for which purpose a partner's rightful dissociation pursuant to
 20 subsection (2)(b)1. of Section 47 of this Act constitutes the expression of
 21 that partner's will to wind up the partnership business;

22 (b) The express will of all of the partners to wind up the partnership business;

23 or

24 (c) The expiration of the term or the completion of the undertaking;

25 (3) An event agreed to in the partnership agreement resulting in the winding up of
 26 the partnership business;

27 (4) An event that makes it unlawful for all or substantially all of the business of the

partnership to be continued, but a cure of illegality within ninety (90) days after notice to the partnership of the event is effective retroactively to the date of the event for purposes of this section;

(5) On application by a partner, a judicial determination that:

(a) The economic purpose of the partnership is likely to be unreasonably frustrated;

(b) Another partner has engaged in conduct relating to the partnership business which makes it not reasonably practicable to carry on the business in partnership with that partner; or

(c) It is not otherwise reasonably practicable to carry on the partnership business in conformity with the partnership agreement; or

(6) On application by a transferee of a partner's transferable interest, a judicial determination that it is equitable to wind up the partnership business:

(a) After the expiration of the term or completion of the undertaking, if the partnership was for a definite term or particular undertaking at the time of the transfer or entry of the charging order that gave rise to the transfer; or

(b) At any time, if the partnership was a partnership at will at the time of the transfer or entry of the charging order that gave rise to the transfer.

SECTION 55. A NEW SECTION OF SUBCHAPTER 1 OF KRS CHAPTER 362 IS CREATED TO READ AS FOLLOWS:

(1) Subject to subsection (2) of this section, a partnership continues after dissolution only for the purpose of winding up its business. The partnership is terminated when the winding up of its business is completed.

(2) At any time after the dissolution of a partnership and before the winding up of its business is completed, all of the partners, including any dissociating partner other than a wrongfully dissociating partner, may waive the right to have the partnership's business wound up and the partnership terminated. In that event:

(a) The partnership resumes carrying on its business as if dissolution had never occurred, and any liability incurred by the partnership or a partner after the dissolution and before the waiver is determined as if dissolution had never occurred; and

(b) The rights of a third party accruing under subsection (1) of Section 57 of this Act or arising out of conduct in reliance on the dissolution before the third party has notice of the waiver shall not be adversely affected.

SECTION 56. A NEW SECTION OF SUBCHAPTER 1 OF KRS CHAPTER 362 IS CREATED TO READ AS FOLLOWS:

(1) After dissolution, a partner who has not wrongfully dissociated may participate in winding up the partnership's business, but on application of any partner, partner's legal representative, or transferee, the Circuit Court for the county in which the registered office is located or, if none, the Franklin Circuit Court, for good cause shown, may order judicial supervision of the winding up.

(2) The legal representative of the last surviving partner may wind up a partnership's business.

(3) A person winding up a partnership's business may preserve the partnership business or property as a going concern for a reasonable time, prosecute and defend actions and proceedings, whether civil, criminal, or administrative, settle and close the partnership's business, dispose of and transfer the partnership's property, discharge the partnership's liabilities, distribute the assets of the partnership pursuant to Section 60 of this Act, settle disputes by mediation or arbitration, and perform other necessary acts.

SECTION 57. A NEW SECTION OF SUBCHAPTER 1 OF KRS CHAPTER 362 IS CREATED TO READ AS FOLLOWS:

Subject to Section 58 of this Act, a partnership is bound by a partner's act after dissolution that:

1 (1) Is appropriate for winding up the partnership business; or

2 (2) Would have bound the partnership under Section 28 of this Act before
 3 dissolution, if the other party to the transaction did not have notice of the
 4 dissolution.

5 SECTION 58. A NEW SECTION SUBCHAPTER 1 OF KRS CHAPTER 362 IS
 6 CREATED TO READ AS FOLLOWS:

7 (1) After dissolution, a partner who has not wrongfully dissociated may file a
 8 statement of dissolution stating the name of the partnership, that the partnership
 9 has dissolved and is winding up its business, and the date of dissolution.

10 (2) A statement of dissolution cancels a filed statement of partnership authority for
 11 the purposes of subsection (4) of Section 30 of this Act and is a limitation on
 12 authority for the purposes of subsection (5) of Section 30 of this Act.

13 (3) For the purposes of Sections 28 and 57 of this Act, a person not a partner has
 14 notice of the dissolution and the limitation on the partners' authority as a result
 15 of the statement of dissolution ninety (90) days after it is filed.

16 (4) After filing a statement of dissolution, a dissolved partnership may file and, if
 17 appropriate, record a statement of partnership authority which will operate with
 18 respect to a person not a partner as provided in subsections (4) and (5) of Section
 19 30 of this Act in any transaction, whether or not the transaction is appropriate for
 20 winding up the partnership business.

21 SECTION 59. A NEW SECTION OF SUBCHAPTER 1 OF KRS CHAPTER 362
 22 IS CREATED TO READ AS FOLLOWS:

23 (1) Except as otherwise provided in subsection (2) of this section and Section 33 of
 24 this Act, after dissolution a partner is liable to the other partners for the partner's
 25 share of any partnership liability incurred under Section 57 of this Act.

26 (2) A partner who, with knowledge of the dissolution, incurs a partnership liability
 27 under subsection (2) of Section 57 of this Act by an act that is not appropriate for

1 winding up the partnership business is liable to the partnership for any damage
 2 caused to the partnership arising from the liability.

3 SECTION 60. A NEW SECTION SUBCHAPTER 1 OF KRS CHAPTER 362 IS
 4 CREATED TO READ AS FOLLOWS:

5 (1) In winding up a partnership's business, the assets of the partnership, including
 6 the contributions of the partners required by this section, shall be applied to
 7 discharge its obligations to creditors, including, to the extent permitted by law,
 8 partners who are creditors. Any surplus shall be applied to pay the net amount
 9 distributable to partners in accordance with their right to distributions under
 10 subsection (2) of this section.

11 (2) Each partner is entitled to a settlement of all partnership accounts upon winding
 12 up the partnership business. In settling accounts among the partners, profits and
 13 losses that result from the liquidation of the partnership assets shall be credited
 14 and charged to the partners' accounts. The partnership shall make a distribution
 15 to a partner in an amount equal to any excess of the credits over the charges in
 16 the partner's account. A partner shall contribute to the partnership an amount
 17 equal to any excess of the charges over the credits in the partner's account but
 18 excluding from the calculation charges attributable to an obligation for which
 19 the partner is not personally liable under Section 33 of this Act.

20 (3) If a partner fails to contribute the full amount required under subsection (2) of
 21 this section, then all of the other partners shall contribute, in the proportions in
 22 which those partners share partnership losses, the additional amount necessary
 23 to satisfy the partnership obligations for which they are personally liable under
 24 Section 33 of this Act. A partner or partner's legal representative may recover
 25 from the other partners any contributions the partner makes to the extent the
 26 amount contributed exceeds that partner's share of the partnership obligations
 27 for which the partner is personally liable under Section 33 of this Act.

(4) After the settlement of accounts, each partner shall contribute, in the proportion in which the partner shares partnership losses, the amount necessary to satisfy partnership obligations that were not known at the time of the settlement and for which the partner is personally liable under Section 33 of this Act.

(5) The estate of a deceased partner is liable for the partner's obligation to contribute to the partnership.

(6) An assignee for the benefit of creditors of a partnership or a partner, or a person appointed by a court to represent creditors of a partnership or a partner, may enforce a partner's obligation to contribute to the partnership.

SECTION 61. A NEW SECTION OF SUBCHAPTER 1 OF KRS CHAPTER 362 IS CREATED TO READ AS FOLLOWS:

As used in Sections 61 to 68 of this Act:

(1) "General partner" means a partner in a partnership and a general partner in a limited partnership;

(2) "Limited partner" means a limited partner in a limited partnership;

(3) "Limited partnership" means a limited partnership created under the Kentucky Uniform Limited Partnership Act (2006), predecessor law, or comparable law of another jurisdiction; and

(4) "Partner" includes both a general partner and a limited partner.

SECTION 62. A NEW SECTION OF SUBCHAPTER 1 OF KRS CHAPTER 362 IS CREATED TO READ AS FOLLOWS:

(1) A partnership may be converted to a limited partnership pursuant to this section.

(2) The terms and conditions of a conversion of a partnership to a limited partnership shall be approved by all of the partners or by a number or percentage specified for conversion in the partnership agreement.

(3) After the conversion is approved by the partners, the partnership shall cancel any statement of qualification, statement of partnership authority or certificate of

assumed name filed with the Secretary of State and file a certificate of limited partnership in the jurisdiction in which the limited partnership is to be formed. In addition to all other requirements, the certificate shall include:

(a) A statement that the partnership was converted to a limited partnership from a partnership;

(b) Its former name; and

(c) A statement of the number of votes cast by the partners for and against the conversion and, if the vote is less than unanimous, the number or percentage required to approve the conversion under the partnership agreement.

(4) The conversion takes effect when the certificate of limited partnership is filed or at any later date specified in the certificate.

(5) A general partner who becomes a limited partner as a result of the conversion remains liable as a general partner for an obligation incurred by the partnership before the conversion takes effect. If the other party to a transaction with the limited partnership reasonably believes when entering the transaction that the limited partner is a general partner, then the limited partner is liable for an obligation incurred by the limited partnership within ninety (90) days after the conversion takes effect. The limited partner's liability for all other obligations of the limited partnership incurred after the conversion takes effect is that of a limited partner as provided in Subchapter 2 of this chapter.

(6) A partnership may be converted to a limited liability company as provided in KRS 275.370.

SECTION 63. A NEW SECTION OF SUBCHAPTER 1 OF KRS CHAPTER 362 IS CREATED TO READ AS FOLLOWS:

(1) A limited partnership may be converted to a partnership pursuant to this section.

(2) Notwithstanding a provision to the contrary in a limited partnership agreement,

the terms and conditions of a conversion of a limited partnership to a partnership shall be approved by all of the partners.

(3) After the conversion is approved by the partners, the limited partnership shall cancel its certificate of limited partnership and any certificate of assumed name filed with the Secretary of State.

(4) The conversion takes effect when the certificate of limited partnership is canceled.

(5) A limited partner who becomes a general partner as a result of the conversion remains liable only as a limited partner for an obligation incurred by the limited partnership before the conversion takes effect. Except as otherwise provided in Section 33 of this Act, the partner is liable as a general partner for an obligation of the partnership incurred after the conversion takes effect.

SECTION 64. A NEW SECTION OF SUBCHAPTER 1 OF KRS CHAPTER 362 IS CREATED TO READ AS FOLLOWS:

(1) A partnership or limited partnership that has been converted pursuant to Sections 61 to 68 of this Act is for all purposes the same entity that existed before the conversion.

(2) When a conversion takes place:

(a) All property and contract rights owned by, and all rights, privileges, and immunities of, the converting organization shall remain vested in the converted organization without assignment, reversions, or impairment and without the converting organization having been dissolved;

(b) All obligations of the converting partnership organization shall continue as obligations of the converted organization;

(c) An action or proceeding pending against the converting partnership organization may be continued as if the organization had not occurred, and the name of the converted organization may be substituted in any pending

- 1 action or proceeding for the name of the converting organization;
- 2 (d) Any written partnership agreement of the converted partnership or limited
- 3 partnership shall be binding upon each person who becomes a partner in
- 4 the converted partnership or limited partnership; and
- 5 (e) Except as otherwise provided in the plan of conversion, the terms and
- 6 conditions of the plan of conversion take effect.
- 7 (3) Unless otherwise provided in the partnership agreement, a partner has no right to
- 8 dissent from a conversion.

9 SECTION 65. A NEW SECTION OF SUBCHAPTER 1 OF KRS CHAPTER 362

10 IS CREATED TO READ AS FOLLOWS:

- 11 (1) Pursuant to a plan of merger approved as provided in subsection (3) of this
- 12 section, a partnership may be merged with one or more partnerships or limited
- 13 partnerships.
- 14 (2) The plan of merger shall set forth:
- 15 (a) The name of each partnership or limited partnership that is a party to the
- 16 merger;
- 17 (b) The name of the surviving entity into which the other partnerships or
- 18 limited partnerships will merge;
- 19 (c) Whether the surviving entity is a partnership or a limited partnership and
- 20 the status of each partner;
- 21 (d) The terms and conditions of the merger;
- 22 (e) The manner and basis of converting the interests of each party to the
- 23 merger into interests or obligations of the surviving entity, or into money or
- 24 other property in whole or part; and
- 25 (f) The street address of the surviving entity's chief executive office.
- 26 (3) The plan of merger shall be approved:
- 27 (a) In the case of a partnership that is a party to the merger, by all of the

1 partners, or a number or percentage specified for merger in the partnership
 2 agreement; and

3 (b) In the case of a limited partnership that is a party to the merger, by the vote
 4 required for approval of a merger by the law of the state or foreign
 5 jurisdiction in which the limited partnership is organized and, in the
 6 absence of such a specifically applicable law, by all of the partners,
 7 notwithstanding a provision to the contrary in the partnership agreement.

8 (4) After a plan of merger is approved and before the merger takes effect, the plan
 9 may be amended or abandoned as provided in the plan.

10 (5) The merger takes effect on the later of:

11 (a) The approval of the plan of merger by all parties to the merger, as provided
 12 in subsection (3) of this section;

13 (b) The filing of all documents required by law to be filed as a condition to the
 14 effectiveness of the merger; or

15 (c) Subject to Section 10 of this Act, any effective date specified in the plan of
 16 merger.

17 SECTION 66. A NEW SECTION OF SUBCHAPTER 1 OF KRS CHAPTER 362
 18 IS CREATED TO READ AS FOLLOWS:

19 (1) When a merger takes effect:

20 (a) The separate existence of every partnership or limited partnership that is a
 21 party to the merger, other than the surviving entity, ceases;

22 (b) All property owned by each of the merged partnerships or limited
 23 partnerships vests in the surviving entity;

24 (c) All obligations of every partnership or limited partnership that is a party to
 25 the merger become the obligations of the surviving entity; and

26 (d) An action or proceeding pending against a partnership or limited
 27 partnership that is a party to the merger may be continued as if the merger

1 had not occurred, or the surviving entity may be substituted as a party to the
 2 action or proceeding.

3 (2) The Secretary of State of this Commonwealth is the agent for service of process
 4 in an action or proceeding against a surviving foreign partnership or limited
 5 partnership to enforce an obligation of a domestic partnership or limited
 6 partnership that is a party to a merger. The surviving entity shall promptly notify
 7 the Secretary of State of the mailing address of its chief executive office and of
 8 any change of address. Upon receipt of process, the Secretary of State shall mail
 9 a copy of the process to the surviving foreign partnership or limited partnership.

10 (3) A partner of the surviving partnership or limited partnership is liable for:
 11 (a) All obligations of a party to the merger for which the partner was personally
 12 liable before the merger;
 13 (b) All other obligations of the surviving entity incurred before the merger by a
 14 party to the merger, but those obligations may be satisfied only out of
 15 property of the entity; and
 16 (c) Except as otherwise provided in Section 33 of this Act, all obligations of the
 17 surviving entity incurred after the merger takes effect, but those obligations
 18 may be satisfied only out of property of the entity if the partner is a limited
 19 partner.

20 (4) If the obligations incurred before the merger by a party to the merger are not
 21 satisfied out of the property of the surviving partnership or limited partnership,
 22 then the general partners of that party immediately before the effective date of the
 23 merger shall contribute the amount necessary to satisfy that party's obligations to
 24 the surviving entity, in the manner provided in Section 60 of this Act or in the
 25 Limited Partnership Act of the jurisdiction in which the party was formed, as the
 26 case may be, as if the merged party were dissolved.

27 (5) A partner of a party to a merger who does not become a partner of the surviving

partnership or limited partnership is dissociated from the entity, of which that partner was a partner, as of the date the merger takes effect. The surviving entity shall cause the partner's interest in the entity to be purchased under Section 49 of this Act or another statute specifically applicable to that partner's interest with respect to a merger. The surviving entity is bound under Section 50 of this Act by an act of a general partner dissociated under this subsection, and the partner is liable under Section 51 of this Act for transactions entered into by the surviving entity after the merger takes effect.

(6) Unless otherwise provided in the partnership agreement, a partner has no right to dissent from a merger.

SECTION 67. A NEW SECTION OF SUBCHAPTER 1 OF KRS CHAPTER 362 IS CREATED TO READ AS FOLLOWS:

(1) After a merger, the surviving partnership or limited partnership may file a statement that one (1) or more partnerships or limited partnerships have merged into the surviving entity.

(2) A statement of merger shall contain:

(a) The name of each partnership or limited partnership that is a party to the merger;

(b) The name of the surviving entity into which the other partnerships or limited partnership were merged;

(c) The street address of the surviving entity's chief executive office and of an office in this Commonwealth, if any;

(d) Whether the surviving entity is a partnership or a limited partnership; and

(e) The effective date of this merger as determined in accordance with subsection (5) of Section 65 of this Act.

(3) Except as otherwise provided in subsection (4) of this section, for the purposes of Section 29 of this Act, property of the surviving partnership or limited

partnership which before the merger was held in the name of another party to the merger is property held in the name of the surviving entity upon filing a statement of merger.

(4) For the purposes of Section 29 of this Act, real property of the surviving partnership or limited partnership which before the merger was held in the name of another party to the merger is property held in the name of the surviving entity upon recording a certified copy of the statement of merger in the office for recording transfers of that real property.

(5) A filed and, if appropriate, recorded statement of merger, executed and declared to be accurate pursuant to subsection (3) of Section 5 of this Act, stating the name of a partnership or limited partnership that is a party to the merger in whose name property was held before the merger and the name of the surviving entity, but not containing all of the other information required by subsection (2) of this section, operates with respect to the partnerships or limited partnerships named to the extent provided in subsections (3) and (4) of this section.

(6) A limited partnership party to a merger with a partnership shall file with the Secretary of State such documents as are provided for in the law governing the limited partnership.

SECTION 68. A NEW SECTION OF SUBCHAPTER 1 OF KRS CHAPTER 362 IS CREATED TO READ AS FOLLOWS:

Sections 61 to 68 of this Act are not exclusive. Partnerships or limited partnerships may be converted or merged in any other manner provided by law.

SECTION 69. A NEW SECTION OF SUBCHAPTER 1 OF KRS CHAPTER 362 IS CREATED TO READ AS FOLLOWS:

(1) A partnership may become a limited liability partnership pursuant to this section.

(2) The terms and conditions on which a partnership becomes a limited liability partnership shall be approved by the vote necessary to amend the partnership

1 agreement except, in the case of a partnership agreement that expressly considers
 2 obligations to contribute to the partnership, the vote necessary to amend those
 3 provisions.

4 (3) After the approval required by subsection (2) of this section, a partnership may
 5 become a limited liability partnership by filing with the Secretary of State a
 6 statement of qualification. The statement shall contain:

7 (a) The name of the partnership, which shall comply with Sections 14 and 70 of
 8 this Act;

9 (b) The address of the partnership's chief executive office and, if different, the
 10 street address of an office in this Commonwealth, if any;

11 (c) The street address of the partnership's registered office, and the name of its
 12 registered agent at that office;

13 (d) A statement that the partnership elects to be a limited liability partnership;
 14 and

15 (e) The date any statement of partnership authority was previously filed with
 16 the Secretary of State.

17 (4) The status of a partnership as a limited liability partnership remains effective,
 18 regardless of changes in the partnership, until the statement of qualification is
 19 canceled pursuant to subsection (4) of Section 5 of this Act or administratively
 20 dissolved pursuant to Section 22 of this Act.

21 (5) The status of a partnership as a limited liability partnership and the liability of its
 22 partners is not affected by errors or later changes in the information required to
 23 be contained in the statement of qualification under subsection (3) of this section.

24 (6) The filing of a statement of qualification establishes that a partnership has
 25 satisfied all conditions precedent to the qualification of the partnership as a
 26 limited liability partnership.

27 (7) An amendment or cancellation of a statement of qualification is effective when it

1 is filed or on a deferred effective date specified in the amendment or cancellation.
 2 An amendment to a statement of qualification shall include the date of filing of
 3 the statement being amended and all information required in an initial statement
 4 of qualification. A cancellation of a statement of qualification shall include the
 5 name of the partnership and the date of filing of the statement of qualification.

6 SECTION 70. A NEW SECTION OF SUBCHAPTER 1 OF KRS CHAPTER 362
 7 IS CREATED TO READ AS FOLLOWS:

8 The name of a limited liability partnership shall end with "Registered Limited Liability
 9 Partnership," "Limited Liability Partnership," "R.L.L.P.," "L.L.P.," "RLLP," or
 10 "LLP."

11 SECTION 71. A NEW SECTION OF SUBCHAPTER 1 OF KRS CHAPTER 362
 12 IS CREATED TO READ AS FOLLOWS:

13 (1) Subject to the Constitution of this Commonwealth, the law of the jurisdiction in
 14 which a foreign limited liability partnership is formed governs relations among
 15 the partners, between the partners and the partnership, and the liability of
 16 partners for obligations of the partnership. This subchapter does not authorize
 17 this Commonwealth to regulate the organization or internal affairs of a foreign
 18 limited liability partnership authorized to transact business in this
 19 Commonwealth.

20 (2) A foreign limited liability partnership shall not be denied a statement of foreign
 21 qualification by reason of any difference between the law under which the
 22 partnership was formed and the law of this Commonwealth.

23 (3) No foreign partnership, including a foreign limited liability partnership that has
 24 filed a statement of foreign qualification, may engage in any business or exercise
 25 any power that a domestic partnership is forbidden to exercise or engage in by the
 26 laws of this Commonwealth.

27 SECTION 72. A NEW SECTION OF SUBCHAPTER 1 OF KRS CHAPTER 362

1 IS CREATED TO READ AS FOLLOWS:

2 (1) Before transacting business in this Commonwealth, a foreign limited liability
 3 partnership shall file a statement of foreign qualification. The statement shall
 4 contain:

5 (a) The name of the foreign limited liability partnership which satisfies the
 6 requirements of Section 14 of this Act and, if applicable, subsection (3) of
 7 this section, and ends with "Registered Limited Liability Partnership,"
 8 "Limited Liability Partnership," "R.L.L.P.," "L.L.P.," "RLLP," or
 9 "LLP";

10 (b) The street address of the partnership's chief executive office and, if
 11 different, the street address of an office of the partnership in this
 12 Commonwealth, if any;

13 (c) The street address of the partnership's registered office within this
 14 Commonwealth, and the name of its registered agent at that office; and

15 (d) Its jurisdiction of organization.

16 (2) The status of a partnership as a foreign limited liability partnership remains
 17 effective, regardless of changes in the partnership, until it is canceled pursuant to
 18 subsection (4) of Section 5 of this Act or revoked pursuant to Section 23 of this
 19 Act.

20 (3) If the name of a foreign limited liability partnership is not distinguishable upon
 21 the records of the Secretary of State, then it may file a statement of foreign
 22 qualification using a fictitious name that is distinguishable upon the records of
 23 the Secretary of State, in which instance the statement of foreign qualification
 24 shall be filed under the fictitious name, shall recite that the partnership has filed
 25 the statement of foreign qualification under a fictitious name, and shall include
 26 in the statement its real name in its jurisdiction of organization.

27 (4) A statement of foreign qualification shall authorize the foreign limited liability

partnership to transact business in this Commonwealth subject to the right of the Commonwealth to revoke the statement.

(5) A foreign limited liability partnership, having filed a statement of foreign qualification, shall have the same as, but no greater rights than, and shall have the same, but no greater privileges than, and except as otherwise provided by this subchapter, shall be subject to the same duties, restrictions, penalties, and liabilities now or later imposed on, a limited liability partnership.

SECTION 73. A NEW SECTION OF SUBCHAPTER 1 OF KRS CHAPTER 362 IS CREATED TO READ AS FOLLOWS:

(1) A foreign limited liability partnership transacting business in this Commonwealth shall not maintain an action or proceeding in this Commonwealth unless it has in effect a statement of foreign qualification.

(2) The successor to a foreign limited liability partnership that transacted business in this Commonwealth without having filed a statement of foreign qualification and the assignee of a cause of action arising out of that business shall not maintain a proceeding based on that cause of action in any court in this Commonwealth until the foreign limited liability partnership or its successor files a statement of foreign qualification.

(3) A court may stay a proceeding commenced by a foreign limited liability partnership, its successor, or assignee, until it determines whether the foreign limited liability partnership or its successor is obligated to have filed a statement of foreign qualification. If it so determines, then the court may further stay the proceeding until the limited liability partnership or its successor files the statement of foreign qualification.

(4) The failure of a foreign limited liability partnership to have in effect a statement of foreign qualification does not impair the validity of a contract or act of the foreign limited liability partnership or preclude it from defending an action or

proceeding in this Commonwealth.

(5) A limitation on personal liability of a partner is not waived solely by transacting business in this Commonwealth without having filed and having in effect a statement of foreign qualification.

(6) A foreign limited liability partnership transacting business in this Commonwealth without filing and having in effect a statement of foreign qualification shall be deemed to have appointed the Secretary of State as its agent for service of process with respect to causes of action arising out of the transaction of business in this Commonwealth.

(7) A foreign limited liability partnership shall be liable for a civil penalty of two dollars (\$2) for each day, but not to exceed a total of five hundred dollars (\$500) for each year, it transacts business in this Commonwealth without having filed a statement of foreign qualification. The Attorney General may collect all penalties due under this subsection.

SECTION 74. A NEW SECTION OF SUBCHAPTER 1 OF KRS CHAPTER 362 IS CREATED TO READ AS FOLLOWS:

(1) Activities of a foreign limited liability partnership which do not constitute transacting business for the purposes of Sections 69 to 73 of this Act include:

(a) Maintaining, defending, or settling an action or proceeding;

(b) Holding meetings of its partners or carrying on any other activity concerning its internal affairs;

(c) Maintaining bank accounts;

(d) Maintaining offices or agencies for the transfer, exchange, and registration of the partnership's own securities or maintaining trustees or depositories with respect to those securities;

(e) Selling through independent contractors;

(f) Soliciting or obtaining orders, whether by mail or through employees or

1 agents or otherwise, if the orders require acceptance outside this
 2 Commonwealth before they become contracts;

3 (g) Creating or acquiring indebtedness, with or without a mortgage, or other
 4 security interest in property;

5 (h) Collecting debts or foreclosing mortgages or other security interests in
 6 property securing the debts, and holding, protecting, and maintaining
 7 property so acquired;

8 (i) Conducting an isolated transaction that is completed within thirty (30) days
 9 and is not one (1) in the course of repeated transactions of a like nature;

10 (j) Owning, without more, real or personal property; or

11 (k) Transacting business in interstate commerce.

12 (2) For purposes of Sections 71 to 75 of this Act, the ownership in this
 13 Commonwealth of income-producing real property or tangible personal property,
 14 other than property excluded under subsection (1) of this section, constitutes
 15 transacting business in this Commonwealth.

16 (3) The list of activities in subsection (1) of this section shall not be considered
 17 exhaustive. This section does not apply in determining the contacts or activities
 18 that may subject a foreign limited liability partnership or any partner therein to
 19 service of process, taxation, or regulation under any other law of this
 20 Commonwealth.

21 SECTION 75. A NEW SECTION OF SUBCHAPTER 1 OF KRS CHAPTER 362
 22 IS CREATED TO READ AS FOLLOWS:

23 The Attorney General may maintain an action to restrain a foreign limited liability
 24 partnership from transacting business in this Commonwealth in violation of this
 25 subchapter.

26 SECTION 76. A NEW SECTION OF SUBCHAPTER 1 OF KRS CHAPTER 362
 27 IS CREATED TO READ AS FOLLOWS:

This subchapter shall be applied and construed to effectuate its general purpose to make uniform the law with respect to the subject of this subchapter among the states enacting it.

SECTION 77. A NEW SECTION OF SUBCHAPTER 1 OF KRS CHAPTER 362 IS CREATED TO READ AS FOLLOWS:

This subchapter may be cited as the Kentucky Revised Uniform Partnership Act (2006).

SECTION 78. A NEW SECTION OF SUBCHAPTER 1 OF KRS CHAPTER 362 IS CREATED TO READ AS FOLLOWS:

If any provision of this subchapter or its application to any person or circumstance is held invalid, then the invalidity shall not affect other provisions or applications of this subchapter which can be given effect without the invalid provision or application, and to this end the provisions of this subchapter are severable.

SECTION 79. A NEW SECTION OF SUBCHAPTER 1 OF KRS CHAPTER 362 IS CREATED TO READ AS FOLLOWS:

(1) This subchapter governs only a partnership:

(a) Formed on or after the effective date of this subchapter, except a partnership that is continuing the business of a dissolved partnership under KRS 362.350; and

(b) Formed prior to the effective date of this subchapter that elects, as provided by subsection (2) of this section, to be governed by this subchapter.

(2) A partnership formed prior to the effective date of Sections 1 to 80 of this Act voluntarily may elect, in the manner provided in its partnership agreement or by law for amending the partnership agreement, to be governed by this subchapter. The filing by the partnership of a statement pursuant to this section shall constitute an election to be bound by this subchapter. The provisions of this subchapter relating to the liability of the partnership's partners to third parties apply to limit those partners' liability to a third party who has engaged in

business with the partnership within one (1) year before the partnership's election to be governed by this subchapter only if the third party has notice of the partnership's election to be governed by this subchapter.

SECTION 80. A NEW SECTION SUBCHAPTER 1 OF KRS CHAPTER 362 IS CREATED TO READ AS FOLLOWS:

This subchapter does not affect an action or proceeding commenced or right accrued before this subchapter takes effect.

SECTION 81. SUBCHAPTER 2 OF KRS CHAPTER 362 IS ESTABLISHED AND A NEW SECTION THEREOF IS CREATED TO READ AS FOLLOWS:

As used in this subchapter, unless the context otherwise requires:

(1) "Certificate of limited partnership" means the certificate required by Section 105 of this Act or filed under KRS 362.415 and includes the certificate as amended or restated;

(2) "Contribution" means any benefit provided by a person to a limited partnership in order to become a partner or in the person's capacity as a partner;

(3) "Debtor in bankruptcy" means a person that is the subject of:

(a) An order for relief under Title 11 of the United States Code or a comparable order under a successor statute of general application; or

(b) A comparable order under federal, state, or foreign law governing insolvency;

(4) "Deliver" or "delivery" means any method of delivery used in conventional commercial practice, including delivery by hand, mail, commercial delivery, and electronic transmission;

(5) "Designated office" means:

(a) With respect to a limited partnership, the office that a limited partnership is required to designate and maintain under Section 93 of this Act; and

(b) With respect to a foreign limited partnership, its principal office;

(6) "Distribution" means a transfer of money or other property from a limited partnership to a partner in the partner's capacity as a partner or to a transferee on account of a transferable interest owned by the transferee;

(7) "Electronic transmission" or "electronically transmitted" means any process of communication not directly involving the physical transfer of paper that is suitable for the retention, retrieval, and reproduction of information by the recipient;

(8) "Entity" means a corporation, foreign corporation, not-for-profit corporation, profit and not-for-profit unincorporated associations, business or statutory trust, estate, partnership, limited partnership, trust, two (2) or more persons having a joint or common economic interest, and a state, national, or foreign government;

(9) "Foreign limited partnership" means a partnership formed under the laws of a jurisdiction other than this Commonwealth and required by those laws to have one (1) or more general partners and one (1) or more limited partners and includes a foreign limited liability limited partnership;

(10) "Foreign limited liability limited partnership" means a foreign limited partnership whose general partners have limited liability for the obligations of the foreign limited partnership under a provision similar to subsection (3) of Section 124 of this Act;

(11) "General partner" means:

(a) With respect to a limited partnership, a person that:

1. Has been admitted as a general partner under Section 121 of this Act;

or

2. Was a general partner in a limited partnership when that limited partnership became subject to this subchapter under subsections (1) and (2) of Section 192 of this Act; and

(b) With respect to a foreign limited partnership, a person that has rights,

powers, and obligations similar to those of a general partner in a limited partnership;

(12) "Limited liability limited partnership," except in the phrase "foreign limited liability limited partnership," means a limited partnership whose certificate of limited partnership states that the limited partnership is a limited liability limited partnership;

(13) "Limited partner" means:

(a) With respect to a limited partnership, a person that:

1. Has been admitted as a limited partner under Section 115 of this Act;

or

2. Was a limited partner in a limited partnership when that limited partnership became subject to this subchapter under subsections (1) and (2) of Section 192 of this Act; and

(b) With respect to a foreign limited partnership, a person that has rights, powers, and obligations similar to those of a limited partner in a limited partnership;

(14) "Limited partnership," except in the phrases "foreign limited partnership" and "foreign limited liability limited partnership," means an entity, having one (1) or more general partners and one (1) or more limited partners, which is formed under this subchapter by two (2) or more persons or becomes subject to this subchapter under subsections (1) and (2) of Section 192 of this Act. The term includes a limited liability limited partnership;

(15) "Name of record with the Secretary of State" means any real, fictitious, reserved, registered, or assumed name of an entity;

(16) "Partner" means a limited partner or general partner;

(17) "Partnership agreement" means the partners' agreement, oral, implied, in record form, or in any combination, concerning the limited partnership. The term

- 1 includes the agreement as amended;
- 2 (18) "Person" means an individual, corporation, business trust, estate, trust,
 3 partnership, limited liability company, association, joint venture, government,
 4 governmental subdivision, agency, or instrumentality, or any other legal or
 5 commercial entity;
- 6 (19) "Principal office" means the office where the principal executive office of a
 7 limited partnership or foreign limited partnership is located, whether or not the
 8 office is located in this Commonwealth;
- 9 (20) "Professional services" mean the personal services rendered by physicians,
 10 osteopaths, optometrists, podiatrists, chiropractors, dentists, nurses, pharmacists,
 11 psychologists, occupational therapists, veterinarians, engineers, architects,
 12 landscape architects, certified public accountants, public accountants, physical
 13 therapists, and attorneys;
- 14 (21) "Record" means information that is inscribed on a tangible medium or that is
 15 stored in an electronic or other medium and is retrievable in perceivable form;
- 16 (22) "Required information" means the information that a limited partnership is
 17 required to maintain under Section 90 of this Act;
- 18 (23) "Sign" or "signature" includes any manual, facsimile, or conformed or
 19 electronic signature;
- 20 (24) "State" means a State of the United States, the District of Columbia, the
 21 Commonwealth of Puerto Rico, or any territory or insular possession subject to
 22 the jurisdiction of the United States;
- 23 (25) "Transfer" includes an assignment, conveyance, deed, bill of sale, lease,
 24 mortgage, security interest, encumbrance, gift, and transfer by operation of law;
- 25 (26) "Transferable interest" means the partner's right to receive distributions; and
- 26 (27) "Transferee" means a person to which all or part of a transferable interest has
 27 been transferred, whether or not the transferor is a partner.

1 SECTION 82. A NEW SECTION OF SUBCHAPTER 2 OF KRS CHAPTER 362
2 IS CREATED TO READ AS FOLLOWS:

3 (1) A person knows a fact if the person has actual knowledge of it.

4 (2) Except as otherwise provided in subsections (3) and (4) of this section, a person
5 has notice of a fact if the person:

6 (a) Knows of it;

7 (b) Has received a notification of it; or

8 (c) Has reason to know it exists from all of the facts known to the person at the
9 time in question.

10 (3) Subject to subsection (4) of this section, a certificate of limited partnership on file
11 in the office of the Secretary of State is notice that the partnership is a limited
12 partnership and the persons designated in the certificate as general partners are
13 general partners, but is not notice of any other fact.

14 (4) A person has notice of:

15 (a) Another person's dissociation as a general partner ninety (90) days after the
16 effective date of an amendment to the certificate of limited partnership
17 which states that the other person has dissociated or ninety (90) days after
18 the effective date of a statement of dissociation pertaining to that other
19 person, whichever occurs first;

20 (b) A limited partnership's dissolution ninety (90) days after the effective date
21 of an amendment to the certificate of limited partnership stating that the
22 limited partnership is dissolved;

23 (c) A limited partnership's cancellation ninety (90) days after the effective date
24 of a statement of cancellation;

25 (d) A limited partnership's conversion under Sections 176 to 188 of this Act
26 ninety (90) days after the effective date of the articles of conversion; and

27 (e) A merger under Sections 176 to 188 of this Act ninety (90) days after the

- 1 effective date of the articles of merger.
- 2 (5) A person notifies or gives a notification to another person by taking steps
3 reasonably required to inform the other person in ordinary course, whether or
4 not the other person learns of it.
- 5 (6) A person receives a notification when the notification:
6 (a) Comes to the person's attention; or
7 (b) Is duly delivered at the person's place of business or at any other place held
8 out by the person as a place for receiving communications.
- 9 (7) Except as otherwise provided in subsection (8) of this section, an entity knows,
10 has notice, or receives a notification of a fact for purposes of a particular
11 transaction when the individual conducting the transaction for the entity knows,
12 has notice, or receives a notification of the fact, or in any event when the fact
13 would have been brought to the individual's attention if the entity had exercised
14 reasonable diligence. An entity exercises reasonable diligence if it maintains
15 reasonable routines for communicating significant information to the individual
16 conducting the transaction for the entity, and there is reasonable compliance with
17 the routines. Reasonable diligence does not require an individual acting for the
18 entity to communicate information unless the communication is part of the
19 individual's regular duties or the individual has reason to know of the
20 transaction, and that the transaction would be materially affected by the
21 information.
- 22 (8) A general partner's knowledge, notice, or receipt of a notification of a fact
23 relating to the limited partnership is effective immediately as knowledge by,
24 notice to, or receipt of a notification by the limited partnership, except in the case
25 of a fraud on the limited partnership committed by or with the consent of the
26 general partner. A limited partner's knowledge, notice, or receipt of a notification
27 of a fact relating to the limited partnership is not effective as knowledge by, notice

to, or receipt of a notification by the limited partnership.

SECTION 83. A NEW SECTION OF SUBCHAPTER 2 OF KRS CHAPTER 362 IS CREATED TO READ AS FOLLOWS:

(1) A limited partnership is an entity distinct from its partners. A limited partnership is the same entity regardless of whether its certificate states that the limited partnership is a limited liability limited partnership.

(2) A limited partnership may be organized under this subchapter for any lawful purpose except for rendering a professional service.

(3) A limited partnership has a perpetual duration.

SECTION 84. A NEW SECTION OF SUBCHAPTER 2 OF KRS CHAPTER 362 IS CREATED TO READ AS FOLLOWS:

A limited partnership has the powers to do all things necessary or convenient to carry on its activities, including the power to sue, be sued, and defend in its own name and to maintain an action against a partner for harm caused to the limited partnership by an actual or threatened injury to the limited partnership, breach of the partnership agreement, or violation of a duty to the partnership.

SECTION 85. A NEW SECTION OF SUBCHAPTER 2 OF KRS CHAPTER 362 IS CREATED TO READ AS FOLLOWS:

The law of this Commonwealth governs relations among the partners of a limited partnership, and between the partners and the limited partnership, and the liability of partners as partners for an obligation of a limited partnership.

SECTION 86. A NEW SECTION OF SUBCHAPTER 2 OF KRS CHAPTER 362 IS CREATED TO READ AS FOLLOWS:

(1) Unless displaced by particular provisions of this subchapter, the principles of law and equity supplement this subchapter.

(2) If an obligation to pay interest arises under this subchapter and the rate is not specified, then the rate is that specified in KRS 360.010.

1 (3) Subject to subsection (2) of Section 89 of this Act, it shall be the public policy of
 2 the Commonwealth in this subchapter to give maximum effect to the principles of
 3 freedom of contract and the enforceability of partnership agreements. Unless
 4 displaced by particular provisions of this subchapter, the principles of law and
 5 equity shall supplement this subchapter. Although this subchapter is in
 6 derogation of the common law, the rules of construction that require strict
 7 construction of statutes that are in derogation of common law shall not apply to
 8 its provisions. Except as otherwise expressly provided herein, this subchapter
 9 shall not be construed to impair the obligation of any contract existing when this
 10 subchapter, or any amendment thereto, becomes effective, nor to affect any
 11 action or proceeding begun or right accrued before this subchapter or any
 12 amendment thereto takes effect.

13 SECTION 87. A NEW SECTION OF SUBCHAPTER 2 OF KRS CHAPTER 362
 14 IS CREATED TO READ AS FOLLOWS:

- 15 (1) The name of a limited partnership may contain the name of any partner.
- 16 (2) The name of a limited partnership that is not a limited liability limited
 17 partnership shall contain the word "limited" or the abbreviation "Ltd." or the
 18 phrase "limited partnership" or the abbreviation "L.P." or "LP" and it shall not
 19 contain the phrase "limited liability limited partnership" or the abbreviation
 20 "LLLP" or "L.L.L.P."
- 21 (3) The name of a limited partnership that is a limited liability limited partnership
 22 shall contain the phrase "limited liability limited partnership" or the
 23 abbreviation "LLLP" or "L.L.L.P." and it shall not contain only "limited
 24 partnership" or the abbreviation "L.P." or "LP."
- 25 (4) Unless authorized by subsection (5) or (6) of this section, the name of a limited
 26 partnership shall be distinguishable upon the records of the Secretary of State
 27 from any name of record with the Secretary of State.

(5) A limited partnership may use the name, including the fictitious name, with any modification required by this section or Section 165 of this Act of another business entity that is used in this Commonwealth if the other business entity is organized or authorized to transact business in this Commonwealth and the limited partnership:

(a) Has merged with the other business entity;

(b) Has been formed by reorganization of the other business entity; or

(c) Has acquired all or substantially all of the assets, including the business name, of the other business entity.

(6) This subchapter shall not control the use of assumed names.

(7) The filing of a certificate of limited partnership under the particular name of the limited partnership shall not automatically prevent the use of that name or protect that name from use by other persons.

(8) Subject to Section 165 of this Act, this section applies to any foreign limited partnership transacting business in this Commonwealth, authorized to transact business in this Commonwealth, or applying for such authorization.

SECTION 88. A NEW SECTION OF SUBCHAPTER 2 OF KRS CHAPTER 362 IS CREATED TO READ AS FOLLOWS:

(1) A person may apply to the Secretary of State to reserve the exclusive use of a limited partnership name, including the fictitious name for a foreign limited partnership whose limited partnership name is not available for use in this Commonwealth. If the Secretary of State finds that the limited partnership name applied for is available, then the Secretary of State shall reserve the name for the applicant's exclusive use for one (1) nonrenewable period of one hundred twenty (120) days.

(2) The holder of a reserved limited partnership name may transfer the reservation to another person by delivering to the Secretary of State a notice of the transfer,

executed by the holder for whom the name was reserved, and specifying the name and address of the transferee.

(3) The holder of a reserved limited partnership name may cancel the reservation by delivery to the Secretary of State of a notice of cancellation, executed by the applicant for whom the name was reserved, that states the reserved name and its date of reservation.

SECTION 89. A NEW SECTION OF SUBCHAPTER 2 OF KRS CHAPTER 362 IS CREATED TO READ AS FOLLOWS:

(1) Except as otherwise provided in subsection (2) of this section, the partnership agreement governs relations among the partners and between the partners and the partnership. To the extent the partnership agreement does not otherwise provide, this subchapter governs relations among the partners and between the partners and the partnership.

(2) The partnership agreement shall not:

(a) Vary a limited partnership's power under Section 84 of this Act to sue, be sued, and defend in its own name;

(b) Vary the law applicable to a limited partnership under Section 85 of this Act;

(c) Vary the requirements of Section 108 of this Act;

(d) Vary the information required under KRS 141.407 or unreasonably restrict the right to information under Sections 118 and 127 of this Act, but the partnership agreement may provide a different location for the maintenance of the books and records, and impose reasonable limitations on the availability and use of information obtained under those sections, and may define appropriate remedies, including liquidated damages, for a breach of any reasonable limitation on use;

(e) Eliminate the duty of loyalty under Section 128 of this Act, but the

partnership agreement may:

1. Identify specific types or categories of activities that do not violate the duty of loyalty, if not manifestly unreasonable; and

2. Specify the number or percentage of partners which may authorize or ratify, after full disclosure to all partners of all material facts, a specific act or transaction that otherwise would violate the duty of loyalty;

(f) Unreasonably reduce the duty of care under subsection (3) of Section 128 of this Act;

(g) Eliminate the obligation of good faith and fair dealing under subsection (2) of Section 119 and subsection (4) of Section 128 of this Act, but the partnership agreement may prescribe the standards by which the performance of the obligation is to be measured, if the standards are not manifestly unreasonable;

(h) Vary the power of a person to dissociate as a general partner under subsection (1) of Section 141 of this Act, except to require that the notice under subsection (1) of Section 140 of this Act be in a record;

(i) Vary the right of a court to decree dissolution in the circumstances specified in Section 150 of this Act;

(j) Vary the requirement to wind up the partnership's business as specified in Section 151 of this Act;

(k) Unreasonably restrict the right to bring an action under Sections 171 to 175 of this Act; or

(l) Restrict the right of a partner under subsection (1) of Section 185 of this Act to consent to a merger or conversion or the right of a general partner under subsection (2) of Section 185 of this Act to consent to an amendment to the certificate of limited partnership which deletes a statement that the limited

partnership is a limited liability limited partnership.

(3) If a written partnership agreement contains a provision to the effect that any amendment to the partnership agreement must be in writing and adopted in accordance with the provisions of the partnership agreement, that provision shall be enforceable in accordance with its terms, and any agreement among the partners concerning the partnership which is not in writing and adopted in accordance with the provisions of the partnership agreement shall not be part of the partnership agreement.

SECTION 90. A NEW SECTION OF SUBCHAPTER 2 OF KRS CHAPTER 362 IS CREATED TO READ AS FOLLOWS:

A limited partnership shall maintain at its designated office the following information:

(1) A current list showing the full name and last known street and mailing address of each partner, separately identifying the general partners, in alphabetical order, and the limited partners, in alphabetical order;

(2) A copy of the initial certificate of limited partnership and all amendments to and restatements of the certificate, together with signed copies of any powers of attorney under which any certificate, amendment, or restatement has been signed;

(3) A copy of any filed articles of conversion or merger;

(4) A copy of the limited partnership's federal, state, and local income tax returns and reports, if any, for the three (3) most recent years;

(5) A copy of any partnership agreement made in record form and any amendment made in record form to any partnership agreement;

(6) A copy of any financial statement of the limited partnership for the three (3) most recent years;

(7) A copy of the three (3) most recent annual reports delivered by the limited partnership to the Secretary of State pursuant to Section 114 of this Act;

(8) A copy of any record made by the limited partnership during the past three (3) years of any consent given by or vote taken of any partner pursuant to this subchapter or the partnership agreement; and

(9) Unless contained in a partnership agreement in record form, a record stating:

(a) The amount of cash, and a description and statement of the agreed value of the other benefits, contributed and agreed to be contributed by each partner;

(b) The times at which, or events on the happening of which, any additional contributions agreed to be made by each partner are to be made;

(c) For any person that is both a general partner and a limited partner, a specification of what transferable interest the person owns in each capacity; and

(d) Any events upon the happening of which the limited partnership is to be dissolved and its activities wound up.

SECTION 91. A NEW SECTION OF SUBCHAPTER 2 OF KRS CHAPTER 362 IS CREATED TO READ AS FOLLOWS:

A partner may lend money to, borrow money from, act as a surety, guarantor, or endorser for, guarantee or assume one or more specific obligations of, provide collateral for, and transact other business with the limited partnership and, subject to other law, has the same rights and obligations with respect to the loan or other transaction as a person that is not a partner.

SECTION 92. A NEW SECTION OF SUBCHAPTER 2 OF KRS CHAPTER 362 IS CREATED TO READ AS FOLLOWS:

A person may be both a general partner and a limited partner. A person that is both a general and limited partner has the rights, powers, duties, and obligations provided by this subchapter and the partnership agreement in each of those capacities. When the person acts as a general partner, the person is subject to the obligations and

restrictions under this subchapter and the partnership agreement for general partners.

When the person acts as a limited partner, the person is subject to the obligations and restrictions under this subchapter and the partnership agreement for limited partners.

SECTION 93. A NEW SECTION OF SUBCHAPTER 2 OF KRS CHAPTER 362 IS CREATED TO READ AS FOLLOWS:

(1) A limited partnership shall designate and continuously maintain in this

Commonwealth:

(a) A designated office, which need not be a place of its activity in this

Commonwealth; and

(b) A registered office and agent for service of process at that office.

(2) A foreign limited partnership shall designate and continuously maintain in this

Commonwealth a registered office and agent for service of process at that office.

(3) A registered agent shall be:

(a) An individual who is a resident of this Commonwealth and whose business office is identical with the registered office;

(b) A domestic corporation, domestic limited liability company, or domestic nonprofit corporation whose business office is identical with the registered office; or

(c) A foreign corporation, foreign limited liability company, or foreign nonprofit corporation authorized to transact business in this Commonwealth whose business office is identical with the registered office.

(4) Unless the registered agent signs the record making the appointment, the appointment of a registered agent or a successor registered agent on whom process may be served shall not be effective until the agent delivers a statement in writing to the Secretary of State accepting the appointment.

SECTION 94. A NEW SECTION OF SUBCHAPTER 2 OF KRS CHAPTER 362 IS CREATED TO READ AS FOLLOWS:

- 1 (1) In order to change its designated office, registered office or agent for service of
 2 process, a limited partnership or a foreign limited partnership shall deliver to the
 3 Secretary of State for filing a statement of change containing:
- 4 (a) The name of the limited partnership or foreign limited partnership;
 5 (b) The street and mailing address of its current designated office;
 6 (c) The address of its registered office and the name of its registered agent at
 7 that office in this Commonwealth;
 8 (d) If the current designated office is to be changed, the street address of the
 9 new designated office;
 10 (e) If the current registered office is to be changed, the street address of the
 11 new registered office;
 12 (f) If the current registered agent is to be changed, the name of the new
 13 registered agent and the new registered agent's written consent; and
 14 (g) That after the change or changes are made, the street addresses of its
 15 registered office and the business office of its registered agent will be
 16 identical.
- 17 (2) If a registered agent changes the street address of the registered agent's business
 18 office to another place within this Commonwealth, then the registered agent shall
 19 change the street address of the registered office of any limited partnership or
 20 foreign limited partnership of which the registered agent is a registered agent by
 21 notifying the limited partnership or foreign limited partnership in writing of the
 22 change, and delivering to the Secretary of State for filing a statement that
 23 complies with the requirements of subsection (1) of this section and recites that
 24 the limited partnership or foreign limited partnership has been notified of the
 25 change.
- 26 (3) The change of address of the registered office or registered agent shall be
 27 effective on delivery of the statement to the Secretary of State. The appointment of

a new registered agent shall be effective on delivery of the statement to the Secretary of State and on receipt by the Secretary of State of evidence that the new registered agent has accepted the appointment.

(4) Any statement of change of a designated office or the name or address of an agent for service of process shall be made on a form provided by the Secretary of State.

SECTION 95. A NEW SECTION OF SUBCHAPTER 2 OF KRS CHAPTER 362 IS CREATED TO READ AS FOLLOWS:

(1) A registered agent may resign as registered agent by signing and delivering to the Secretary of State for filing the executed original and two (2) exact or conformed copies of a statement of resignation. The statement may also include a statement that the registered office is also discontinued.

(2) After filing the statement, the Secretary of State shall mail one (1) copy to the registered office, if not discontinued, and the other copy to the limited partnership or foreign limited partnership at its designated office.

(3) The agency appointment shall be terminated, and the registered office discontinued if so provided, on the thirty-first day after the date on which the statement was filed.

SECTION 96. A NEW SECTION OF SUBCHAPTER 2 OF KRS CHAPTER 362 IS CREATED TO READ AS FOLLOWS:

(1) An agent for service of process appointed by a limited partnership or foreign limited partnership is an agent of the limited partnership or foreign limited partnership for service of any process, notice, or demand required or permitted by law to be served upon the limited partnership or foreign limited partnership.

(2) If a limited partnership or foreign limited partnership fails to appoint or maintain an agent for service of process in this Commonwealth or the agent for service of process cannot with reasonable diligence be found at the agent's address, then

1 the Secretary of State is an agent of the limited partnership or foreign limited
 2 partnership upon which process, notice, or demand may be served.

3 (3) Service of any process, notice, or demand on the Secretary of State may be made
 4 by delivering to and leaving with the Secretary of State duplicate copies of the
 5 process, notice, or demand. If a process, notice, or demand is served on the
 6 Secretary of State, then the Secretary of State shall forward one of the copies by
 7 registered or certified mail, return receipt requested, to the limited partnership or
 8 foreign limited partnership at its designated office.

9 (4) Service is effected under subsection (3) of this section at the earliest of:

10 (a) The date the limited partnership or foreign limited partnership receives the
 11 process, notice, or demand;

12 (b) The date shown on the return receipt, if signed on behalf of the limited
 13 partnership or foreign limited partnership; or

14 (c) Five (5) days after the process, notice, or demand is deposited in the mail, if
 15 mailed postpaid and correctly addressed.

16 (5) The Secretary of State shall keep a record of each process, notice, and demand
 17 served pursuant to this section and record the time of and the action taken
 18 regarding the service.

19 (6) This section does not affect the right to serve process, notice, or demand in any
 20 other manner provided by law.

21 SECTION 97. A NEW SECTION OF SUBCHAPTER 2 OF KRS CHAPTER 362
 22 IS CREATED TO READ AS FOLLOWS:

23 Action requiring the consent of partners under this subchapter may be taken without a
 24 meeting, and a partner may appoint a proxy to consent or otherwise act for the partner
 25 by signing an appointment record, either personally or by the partner's attorney in fact.

26 SECTION 98. A NEW SECTION OF SUBCHAPTER 2 OF KRS CHAPTER 362
 27 IS CREATED TO READ AS FOLLOWS:

1 (1) The Secretary of State may prescribe and furnish on request forms for:

2 (a) A certificate of existence or authorization;

3 (b) An application for a certificate of authority;

4 (c) An application for a certificate of withdrawal;

5 (d) A statement of change of registered office or registered agent;

6 (e) A statement of change of designated office;

7 (f) Application to reserve a name;

8 (g) Application to cancel the reservation of a name;

9 (h) Resignation of a registered agent;

10 (i) The annual report;

11 (j) An amendment to the annual report; and

12 (k) Amended application for certificate of authority.

13 (2) The Secretary of State may mandate the use of the forms listed in subsection (1)
14 of this section.

15 (3) The Secretary of State may prescribe and furnish on request forms for other
16 records required or permitted to be filed pursuant to this subchapter, but their use
17 shall not be mandatory.

18 SECTION 99. A NEW SECTION OF SUBCHAPTER 2 OF KRS CHAPTER 362
19 IS CREATED TO READ AS FOLLOWS:

20 (1) Except as provided in subsection (2) of this section, a document filed with the
21 Secretary of State shall be effective at the date and time of filing, as evidenced by
22 such means as the Secretary of State may use for the purpose of recording the
23 date and time of filing, or, if later, at the time specified in the document as its
24 effective time on the date it is filed.

25 (2) A document may specify a delayed effective time and date. If it does so and is filed
26 pursuant to subsection (1) of this section, then the document shall become
27 effective at the close of business on that date. A delayed effective date for a

document shall not be later than the ninetieth day after the date it is filed.

(3) Except as otherwise provided in this subchapter, a document filed in accordance with this section shall be effective regardless of a failure to file the document with the county clerk.

SECTION 100. A NEW SECTION OF SUBCHAPTER 2 OF KRS CHAPTER 362 IS CREATED TO READ AS FOLLOWS:

(1) A record that satisfies the requirements of this section, and of any other section of this subchapter that adds to or varies these requirements, shall be entitled to filing by the Secretary of State.

(2) This subchapter shall require or permit filing the record in the Office of the Secretary of State.

(3) The record shall contain the information required by this subchapter. It may also contain other information.

(4) The record shall be typewritten or printed or, if electronically transmitted, it shall be in a format that can be retrieved or reproduced in typewritten or printed form. The typewritten or printed portion shall be in black. Manually signed photocopies or other reproduced copies of typewritten or printed records may be filed.

(5) The record shall be in the English language. A limited partnership name may be in a language other than English if written in English letters or Arabic or Roman numerals. Any record that may be filed by a foreign limited partnership that is duly authenticated by the official having custody of the applicable records in the state, country, or other jurisdiction under whose law the limited liability company is formed may be in a language other than English if accompanied by a reasonably-authenticated English translation.

(6) The person executing the record shall sign it and print beneath or opposite his or her signature the names of the person and the capacity in which he or she signs.

(7) The person executing the record may do so as an attorney-in-fact. Powers of

attorney relating to the execution of the record shall not be required to be provided to or filed with the Secretary of State.

(8) If the Secretary of State has prescribed a mandatory form for a record, then the record shall be in or on the prescribed form.

(9) The record shall be delivered to the Secretary of State for filing. Delivery may be made by electronic transmission if and to the extent permitted by the Secretary of State. If it is filed in typewritten or printed form and not transmitted electronically, then the Secretary of State may require that it be accompanied by two (2) exact or conformed copies.

(10) One (1) exact or conformed copy, or, if transmitted electronically, a reproduction in paper form, shall be filed with and recorded by the county clerk of the county in which the registered office of the limited partnership is located. A county clerk shall receive a fee pursuant to KRS 64.012 for recording and issuing reports, articles, and statements pertaining to limited partnerships. A document otherwise filed in accordance with this section with the Secretary of State shall be effective regardless of failure to file the document with the county clerk in accordance with this subsection.

(11) When the record is delivered to the Secretary of State for filing, the correct filing fee and any other moneys required by this subchapter or other law to be collected by the Secretary of State therewith shall be paid or provision for payment made in a manner permitted by the Secretary of State. The Secretary of State may accept payment of the correct amount due by credit card, debit card, charge card, or similar method. However, if the amount due is tendered by any method other than cash, then the liability is not finally discharged until the Secretary of State receives final payment or credit of collectible funds.

SECTION 101. A NEW SECTION OF SUBCHAPTER 2 OF KRS CHAPTER 362 IS CREATED TO READ AS FOLLOWS:

- 1 (1) The Secretary of State shall collect the following fees when the following records
2 in this subsection are delivered for filing:
- 3 (a) Certificate of limited partnership.....\$ 40.00
- 4 (b) Application for certificate of authority as
5 a foreign limited partnership.....\$ 90.00
- 6 (c) Amendment of certificate of limited partnership.....\$ 40.00
- 7 (d) Restatement of certificate of limited partnership\$40.00
- 8 (e) Amendment and restatement of
9 certificate of limited partnership.....\$80.00
- 10 (f) Certificate of dissolution with respect
11 to a domestic limited partnership.....\$40.00
- 12 (g) Statement of change of registered agent or
13 change of the address of the registered office, or both.....\$10.00
- 14 (h) Registered agent's statement of change of registered
15 office for each affected limited partnership.....\$10.00
16 Not to exceed a total of\$1,000.00
- 17 (i) Statement of change of the mailing address
18 of the principal office\$10.00
- 19 (j) Application to reserve a name for use by
20 a domestic or foreign limited partnership\$15.00
- 21 (k) Notice of the transfer of a name reserved
22 for use by a domestic or a foreign limited partnership\$15.00
- 23 (l) Application for registered name.....\$36.00
- 24 (m) Application for renewal of registered name\$36.00
- 25 (n) Articles of merger\$50.00
- 26 (o) Application for amended certificate of authority\$40.00
- 27 (p) Application for certificate of withdrawal.....\$40.00

- 1 (q) Statement of correction.....\$20.00
- 2 (r) Certificate of existence or authorization.....\$10.00
- 3 (s) Reinstatement penalty following administrative dissolution\$100.00
- 4 (t) Annual report\$15.00
- 5 (u) Amendment to annual report\$10.00
- 6 (v) Any other record required or permitted to be filed by this subchapter..\$15.00
- 7 (2) The Secretary of State shall collect a fee of ten dollars (\$10) each time process is
- 8 served on the Secretary of State under this subchapter. The party to a proceeding
- 9 causing service of process shall be entitled to recover this fee as costs if the party
- 10 prevails in the proceeding.
- 11 (3) The Secretary of State shall collect the following fees for copying and certifying
- 12 the copy of any filed records relating to a domestic or foreign limited partnership:
- 13 Copies, per page \$0.50
- 14 Certifications, each \$5.00
- 15 (4) The county clerk shall receive a fee pursuant to KRS 64.012 for recording and
- 16 issuing reports, articles, and statements pertaining to limited partnerships.
- 17 SECTION 102. A NEW SECTION OF SUBCHAPTER 2 OF KRS CHAPTER
- 18 362 IS CREATED TO READ AS FOLLOWS:
- 19 (1) A foreign limited partnership may register its name, or its name with any addition
- 20 required by Section 165 of this Act, if the name is distinguishable upon the
- 21 records of the Secretary of State as required under Section 87 of this Act.
- 22 (2) A foreign limited partnership shall register its name, or its name with any
- 23 addition required by Section 165 of this Act, by delivering to the Secretary of
- 24 State for filing an application setting forth:
- 25 (a) Its name, or its name with any addition required by Section 165 of this Act;
- 26 (b) The state or country and date of its organization;
- 27 (c) A brief description of the nature of the business in which it is engaged; and

- 1 (d) A statement that the foreign limited partnership validly exists as a limited
 2 partnership under the laws of the jurisdiction of its formation.
- 3 (3) The name shall be registered for the applicant's exclusive use upon the effective
 4 date of the application.
- 5 (4) A foreign limited partnership whose registration is effective may renew it for
 6 successive years by delivering to the Secretary of State for filing a renewal
 7 application between October 1 and December 31 of the preceding year. The
 8 renewal application shall comply with the requirements of subsection (2) of this
 9 section and when filed shall renew the registration for the following calendar
 10 year.
- 11 (5) A foreign limited partnership whose registration is effective may thereafter
 12 qualify as a foreign limited partnership under the registered name or consent in
 13 writing to the use of that name by a limited partnership thereafter organized
 14 under this subchapter or by another foreign limited partnership thereafter
 15 authorized to transact business in this Commonwealth. The registration shall
 16 terminate when the domestic limited partnership is organized or the foreign
 17 limited partnership qualifies or consents to the qualification of another foreign
 18 limited partnership under the registered name.

19 SECTION 103. A NEW SECTION OF SUBCHAPTER 2 OF KRS CHAPTER
 20 362 IS CREATED TO READ AS FOLLOWS:

- 21 (1) If a record delivered to the Secretary of State for filing satisfies the requirements
 22 of this subchapter, then the Secretary of State shall file it.
- 23 (2) The Secretary of State shall file a record by recording it as filed on the date and
 24 time of receipt. After filing a record, the Secretary of State shall deliver to the
 25 domestic or foreign limited partnership or its representative a copy of the record
 26 with an acknowledgment of the date and time of filing.
- 27 (3) If the Secretary of State refuses to file a record, then the Secretary of State shall

return it to the domestic or foreign limited partnership or its representative within five (5) days after the record was delivered, together with a brief written explanation of the reason for the refusal.

(4) The Secretary of State's duty to file records under this section shall be ministerial. The filing or refusal to file a record by the Secretary of State shall not:

(a) Affect the validity or invalidity of the record in whole or part;

(b) Relate to the correctness or incorrectness of information contained in the record; or

(c) Create a presumption that the record is valid or invalid or that information contained in the record is correct or incorrect.

(5) If the Secretary of State refuses to file a document delivered for filing, then the domestic or foreign limited partnership may appeal the refusal to the Franklin Circuit Court. The appeal shall be commenced by petitioning the court to compel filing the document and by attaching to the petition the document and the Secretary of State's explanation of the refusal to file. The court may summarily order the Secretary of State to file the document or take other action the court considers appropriate. The court's final decision may be appealed as in other civil proceedings.

SECTION 104. A NEW SECTION OF SUBCHAPTER 2 OF KRS CHAPTER 362 IS CREATED TO READ AS FOLLOWS:

A certificate from the Secretary of State delivered with a copy of the record filed with the Secretary of State is conclusive evidence that the original record is on file with the Secretary of State.

SECTION 105. A NEW SECTION OF SUBCHAPTER 2 OF KRS CHAPTER 362 IS CREATED TO READ AS FOLLOWS:

(1) In order to form a limited partnership, a certificate of limited partnership shall be

- 1 delivered to the Secretary of State for filing. The certificate shall state:
- 2 (a) The name of the limited partnership, which shall comply with Section 87 of
- 3 this Act;
- 4 (b) The street address of the initial designated office;
- 5 (c) The street address of the limited partnership's initial registered office, and
- 6 the name of its initial registered agent at that office;
- 7 (d) The name and street address of each general partner; and
- 8 (e) Any additional information required by this subchapter.
- 9 (2) If the limited partnership elects to be a limited liability limited partnership, then
- 10 the certificate shall contain a statement that the limited partnership elects to be a
- 11 limited liability limited partnership.
- 12 (3) A certificate of limited partnership may also contain any other matters but shall
- 13 not vary from the provisions specified in subsection (2) of Section 89 of this Act
- 14 in a manner inconsistent with that section.
- 15 (4) Subject to subsection (2) of this section, if any provision of a partnership
- 16 agreement is inconsistent with the filed certificate of limited partnership or with a
- 17 filed statement of dissociation, cancellation, or change, or filed articles of
- 18 conversion or merger then:
- 19 (a) The partnership agreement prevails as to partners and transferees; and
- 20 (b) The filed certificate of limited partnership, statement of dissociation,
- 21 cancellation, or change, or articles of conversion or merger prevail as to
- 22 persons, other than partners and transferees, that reasonably rely on the
- 23 filed record to their detriment.
- 24 (5) A written statement of the initial registered agent consenting to serve in that
- 25 capacity shall accompany the certificate of limited partnership.

26 SECTION 106. A NEW SECTION OF SUBCHAPTER 2 OF KRS CHAPTER

27 362 IS CREATED TO READ AS FOLLOWS:

(1) In order to amend its certificate of limited partnership, a limited partnership shall deliver to the Secretary of State for filing an amendment or, pursuant to Sections 176 to 188 of this Act, articles of merger, stating:

(a) The name of the limited partnership;

(b) The date of filing of its initial certificate; and

(c) The changes the amendment makes to the certificate as most recently amended or restated.

(2) A limited partnership shall promptly deliver to the Secretary of State for filing an amendment to a certificate of limited partnership to reflect:

(a) The admission of a new general partner;

(b) The dissociation of a person as a general partner; or

(c) The appointment of a person to wind up the limited partnership's activities under subsection (3) or (4) of Section 151 of this Act.

(3) A general partner who knows that any information in a filed certificate of limited partnership was false when the certificate was filed or has become false due to changed circumstances shall promptly:

(a) Cause the certificate to be amended; or

(b) If appropriate, deliver to the Secretary of State for filing a statement of change pursuant to Section 94 of this Act or a statement of correction pursuant to Section 111 of this Act.

(4) A certificate of limited partnership may be amended at any time for any other proper purpose as determined by the limited partnership.

(5) A restated certificate of limited partnership may be delivered to the Secretary of State for filing in the same manner as an amendment.

(6) Subject to subsection (3) of Section 99 of this Act, an amendment or restated certificate is effective when filed by the Secretary of State.

SECTION 107. A NEW SECTION OF SUBCHAPTER 2 OF KRS CHAPTER

362 IS CREATED TO READ AS FOLLOWS:

A dissolved limited partnership that has completed winding up shall deliver to the Secretary of State for filing a statement of cancellation that states:

(1) The name of the limited partnership;

(2) The date of filing of its initial certificate of limited partnership; and

(3) Any other information as determined by the general partners filing the statement or by a person appointed pursuant to subsection (3) or (4) of Section 151 of this Act.

SECTION 108. A NEW SECTION OF SUBCHAPTER 2 OF KRS CHAPTER 362 IS CREATED TO READ AS FOLLOWS:

(1) Each record delivered to the Secretary of State for filing pursuant to this subchapter shall be signed in the following manner:

(a) An initial certificate of limited partnership shall be signed by all general partners listed in the certificate.

(b) An amendment adding or deleting a statement that the limited partnership is a limited liability limited partnership shall be signed by all general partners listed in the certificate.

(c) An amendment designating as general partner a person admitted under subsection (3)(b) of Section 151 of this Act following the dissociation of a limited partnership's last general partner shall be signed by that person.

(d) An amendment required by subsection (3) of Section 151 of this Act following the appointment of a person to wind up the dissolved limited partnership's activities shall be signed by that person.

(e) Any other amendment shall be signed by:

1. At least one general partner listed in the certificate;

2. Each other person designated in the amendment as a new general partner; and

1 3. Each person that the amendment indicates has dissociated as a
 2 general partner, unless:

3 a. The person is deceased, or a guardian or general conservator
 4 has been appointed for the person and the amendment so states;
 5 or

6 b. The person has previously delivered to the Secretary of State for
 7 filing a statement of dissociation.

8 (f) A restated certificate of limited partnership shall be signed by at least one
 9 general partner listed in the certificate, and, to the extent the restated
 10 certificate effects a change under any other paragraph of this subsection,
 11 the certificate shall be signed in a manner that satisfies that paragraph.

12 (g) A statement of cancellation shall be signed by all general partners listed in
 13 the certificate or, if the certificate of a dissolved limited partnership lists no
 14 general partners, then by the person appointed pursuant to subsections (3)
 15 or (4) of Section 151 of this Act to wind up the dissolved limited
 16 partnership's activities.

17 (h) Articles of conversion shall be signed by each general partner listed in the
 18 certificate of limited partnership.

19 (i) Articles of merger shall be signed as provided in subsection (1) of Section
 20 183 of this Act.

21 (j) Any other record delivered on behalf of a limited partnership to the
 22 Secretary of State for filing shall be signed by at least one (1) general
 23 partner listed in the certificate.

24 (k) A statement by a person pursuant to subsection (4) of Section 142 of this
 25 Act stating that the person has dissociated as a general partner shall be
 26 signed by that person.

27 (l) A statement of withdrawal by a person pursuant to Section 120 of this Act

1 shall be signed by that person.

2 (m) A record delivered on behalf of a foreign limited partnership to the
 3 Secretary of State for filing shall be signed by at least one (1) general
 4 partner of the foreign limited partnership.

5 (n) Any other record delivered on behalf of any person to the Secretary of State
 6 for filing shall be signed by that person.

7 (2) Any person may sign by an attorney in fact any record to be filed pursuant to this
 8 subchapter.

9 SECTION 109. A NEW SECTION OF SUBCHAPTER 2 OF KRS CHAPTER
 10 362 IS CREATED TO READ AS FOLLOWS:

11 (1) If a person required by this subchapter to sign a record or deliver a record to the
 12 Secretary of State for filing fails or refuses to do so, then any other person that is
 13 aggrieved by the failure or refusal may petition the Circuit Court in which the
 14 limited partnership maintains its registered office to order:

15 (a) The person to sign the record or deliver the record to the Secretary of State
 16 for filing; or

17 (b) The Secretary of State to file the record unsigned.

18 (2) If the person aggrieved under subsection (1) of this section is not the limited
 19 partnership or foreign limited partnership to which the record pertains, then the
 20 aggrieved person shall make that limited partnership or foreign limited
 21 partnership a party to the action. A person aggrieved under subsection (1) of this
 22 section may seek in the alternative all remedies provided in subsection (1)(a) of
 23 this section in the same action.

24 (3) A record filed unsigned pursuant to this section is effective without being signed.

25 SECTION 110. A NEW SECTION OF SUBCHAPTER 2 OF KRS CHAPTER
 26 362 IS CREATED TO READ AS FOLLOWS:

27 (1) Unless the Secretary of State determines that a record fails to comply with the

filing requirements of this subchapter, and if all filing fees have been paid, then the Secretary of State shall file the record and:

(a) For a statement of dissociation, send:

1. A copy of the filed statement to the person which the statement indicates has dissociated as a general partner; and
2. A copy of the filed statement to the limited partnership;

(b) For a statement of withdrawal, send:

1. A copy of the filed statement to the person on whose behalf the record was filed; and
2. If the statement refers to an existing limited partnership, a copy of the filed statement to the limited partnership; and

(c) For all other records, send a copy of the filed record to the person, or the duly authorized representative thereof, on whose behalf the record was filed.

(2) Upon request and payment of a fee, the Secretary of State shall send to the requester a certified copy of the requested record.

(3) Except as otherwise provided in Sections 95 and 111 of this Act, a record delivered to the Secretary of State for filing under this subchapter may specify an effective time and a delayed effective date.

SECTION 111. A NEW SECTION OF SUBCHAPTER 2 OF KRS CHAPTER 362 IS CREATED TO READ AS FOLLOWS:

(1) A domestic or foreign limited partnership may correct, in accordance with subsection (2) of this section, a record filed by the Secretary of State if:

- (a) The record contains an inaccuracy;
- (b) The record was defectively executed, attested, sealed, verified, or acknowledged; or
- (c) The electronic transmission of the record was defective.

(2) A record shall be corrected:

(a) By preparing articles of correction that:

1. Describe the record, including its filing date, or have attached a copy of the record to the statement of correction;
2. Specify the inaccuracy or defect to be corrected; and
3. Correct the inaccuracy or defect; and

(b) By delivering the statement of correction to the Secretary of State for filing.

(3) Statements of correction shall be effective on the effective date of the record they correct except as to persons relying on the uncorrected record who are adversely affected by the correction. As to those persons, statement of correction shall be effective when filed.

SECTION 112. A NEW SECTION OF SUBCHAPTER 2 OF KRS CHAPTER 362 IS CREATED TO READ AS FOLLOWS:

(1) If a record delivered to the Secretary of State for filing under this subchapter and filed by the Secretary of State contains false information, then a person that suffers loss by reliance on the information may recover damages for the loss from:

(a) A person that signed the record, or caused another to sign it on the person's behalf, and knew the information to be false at the time the record was signed; and

(b) A general partner that has notice that the information was false when the record was filed or has become false due to changed circumstances, if the general partner has notice for a reasonably sufficient time before the information is relied upon to enable the general partner to effect an amendment under Section 106 of this Act, file a petition pursuant to Section 109 of this Act, or deliver to the Secretary of State for filing a statement of change pursuant to Section 94 of this Act or a statement of correction

1 pursuant to Section 111 of this Act.

2 (2) It shall be unlawful for any person to sign a record the person knows is false in
 3 any material respect with intent that the record be delivered to the Secretary of
 4 State for filing. Any person who violates the provisions of this section shall be
 5 guilty of a Class B misdemeanor punishable by a fine not to exceed one hundred
 6 dollars (\$100).

7 SECTION 113. A NEW SECTION OF SUBCHAPTER 2 OF KRS CHAPTER
 8 362 IS CREATED TO READ AS FOLLOWS:

9 (1) A person may request the Secretary of State to furnish a certificate of existence
 10 for a limited partnership or a certificate of authorization for a foreign limited
 11 partnership.

12 (2) Upon payment of a fee, the Secretary of State shall furnish a certificate of
 13 existence requested under subsection (1) of this section if the filed records in the
 14 office of the Secretary of State show that the Secretary of State has filed a
 15 certificate of limited partnership and has not filed a statement of cancellation. A
 16 certificate of existence shall state:

17 (a) The limited partnership's name;

18 (b) That it was duly formed under the laws of this Commonwealth and the date
 19 of formation;

20 (c) Whether all fees, taxes, and penalties due to the Secretary of State under
 21 this subchapter or other law have been paid;

22 (d) Whether the limited partnership's most recent annual report required by
 23 Section 114 of this Act has been filed by the Secretary of State;

24 (e) Whether the Secretary of State has administratively dissolved the limited
 25 partnership or filed a statement of cancellation; and

26 (f) Other facts of record in the office of the Secretary of State which may be
 27 requested by the applicant.

(3) Upon payment of a fee, the Secretary of State shall furnish a certificate of authorization requested under subsection (1) of this section if the filed records in the office of the Secretary of State show that the Secretary of State has filed a certificate of authority, has not revoked the certificate of authority, and has not filed a notice of cancellation. A certificate of authorization for a foreign limited partnership shall state:

(a) The foreign limited partnership's name and any fictitious name adopted under subsection (1) of Section 165 of this Act for use in this Commonwealth;

(b) That it is authorized to transact business in this Commonwealth;

(c) Whether all fees, taxes, and penalties due to the Secretary of State under this subchapter or other law have been paid;

(d) Whether the foreign limited partnership's most recent annual report required by Section 114 of this Act has been filed by the Secretary of State;

(e) That the Secretary of State has not revoked its certificate of authority and has not filed a notice of cancellation; and

(f) Other facts of record in the office of the Secretary of State which may be requested by the applicant.

(4) Subject to any qualification stated in the certificate, a certificate of existence or authorization issued by the Secretary of State may be relied upon as conclusive evidence that the limited partnership or foreign limited partnership is in existence or is authorized to transact business in this Commonwealth.

SECTION 114. A NEW SECTION OF SUBCHAPTER 2 OF KRS CHAPTER 362 IS CREATED TO READ AS FOLLOWS:

(1) A limited partnership subject to this subchapter or a foreign limited partnership authorized to transact business in this Commonwealth shall deliver to the Secretary of State for filing an annual report that states:

- 1 (a) The name of the limited partnership or foreign limited partnership and the
 2 state or country under whose law it is organized;
- 3 (b) The street address of its designated office or, if a foreign limited
 4 partnership, the street address of its principal office; and
- 5 (c) The street address of the limited partnership's registered office and the
 6 name of its registered agent at that office.
- 7 (2) Information in an annual report shall be current as of the date the annual report
 8 is delivered to the Secretary of State for filing.
- 9 (3) The first annual report shall be delivered to the Secretary of State between
 10 January 1 and June 30 of the year following the calendar year in which a limited
 11 partnership was formed or a foreign limited partnership was authorized to
 12 transact business. Subsequent annual reports shall be delivered to the Secretary
 13 of State between January 1 and June 30 of the ensuing calendar years.
- 14 (4) If a filed annual report contains an address of a designated office or the name of
 15 a registered agent or registered office address which differs from the information
 16 shown upon the records of the Secretary of State immediately before the filing,
 17 then the differing information in the annual report is not considered a statement
 18 of change under Section 94 of this Act.

19 SECTION 115. A NEW SECTION OF SUBCHAPTER 2 OF KRS CHAPTER
 20 362 IS CREATED TO READ AS FOLLOWS:

21 A person becomes a limited partner:

- 22 (1) As provided in the partnership agreement;
- 23 (2) As the result of a merger or conversion under Sections 176 to 188 of this Act; or
- 24 (3) With the consent of all the partners.

25 SECTION 116. A NEW SECTION OF SUBCHAPTER 2 OF KRS CHAPTER
 26 362 IS CREATED TO READ AS FOLLOWS:

27 A limited partner does not have the right or the power as a limited partner to act for or

1 bind the limited partnership.

2 SECTION 117. A NEW SECTION OF SUBCHAPTER 2 OF KRS CHAPTER
3 362 IS CREATED TO READ AS FOLLOWS:

4 An obligation of a limited partnership, whether arising in contract, tort, or otherwise,
5 is not the obligation of any limited partner. A limited partner is not personally liable,
6 directly or indirectly, by way of indemnification, contribution, assessment, or
7 otherwise, for an obligation of the limited partnership solely by reason of being a
8 limited partner, even if the limited partner participates in the management and control
9 of the limited partnership.

10 SECTION 118. A NEW SECTION OF SUBCHAPTER 2 OF KRS CHAPTER
11 362 IS CREATED TO READ AS FOLLOWS:

12 (1) On ten (10) days' demand, made in a record received by the limited partnership, a
13 limited partner may inspect and copy during regular business hours in the limited
14 partnership's designated office the information required by Section 90 of this Act.
15 A limited partner making demand pursuant to this subsection need not
16 demonstrate, state, or have any particular purpose for seeking the information.

17 (2) A limited partner, during regular business hours and at a reasonable location
18 specified by the limited partnership, may obtain from the limited partnership and
19 inspect and copy true and full information regarding the state of the activities
20 and financial condition of the limited partnership and other information
21 regarding the activities of the limited partnership as is just and reasonable if:

22 (a) The limited partner seeks the information for a purpose reasonably related
23 to the partner's interest as a limited partner;

24 (b) The limited partner makes a demand in a record received by the limited
25 partnership, describing with reasonable particularity the information
26 sought and the purpose for seeking the information; and

27 (c) The information sought is directly connected to the limited partner's

1 purpose.

2 (3) Within ten (10) days after receiving a demand pursuant to subsection (2) of this
 3 section, the limited partnership shall in a record inform the limited partner that
 4 made the demand;

5 (a) What information the limited partnership will provide in response to the
 6 demand;

7 (b) When and where the limited partnership will provide that information; and

8 (c) If the limited partnership declines to provide any demanded information,
 9 the limited partnership's reasons for declining.

10 (4) Subject to subsection (6) of this section, a person dissociated as a limited partner
 11 may inspect and copy during regular business hours in the limited partnership's
 12 designated office the information required by Section 90 of this Act if:

13 (a) The information pertains to the period during which the person was a
 14 limited partner;

15 (b) The person seeks the information in good faith; and

16 (c) The person meets the requirements of subsection (2) of this section.

17 (5) The limited partnership shall respond to a demand made pursuant to subsection
 18 (4) of this section in the same manner as provided in subsection (3) of this
 19 section.

20 (6) If a limited partner dies, then Section 148 of this Act applies.

21 (7) The limited partnership may impose reasonable limitations on the use of
 22 information obtained under this section. In a dispute concerning the
 23 reasonableness of a restriction under this subsection, the limited partnership has
 24 the burden of proving reasonableness.

25 (8) A limited partnership may charge a limited partner or person dissociated as a
 26 limited partner who makes a demand under this section reasonable costs of
 27 copying, limited to the costs of labor and material.

1 (9) Whenever this subchapter or a partnership agreement provides for a limited
 2 partner to give or withhold consent to a matter, before the consent is given or
 3 withheld, the limited partnership shall, without demand, provide the limited
 4 partner with all information that the limited partnership knows and is material to
 5 the limited partner's decision.

6 (10) A limited partner or person dissociated as a limited partner may exercise the
 7 rights under this section through an attorney or other agent. In that event, any
 8 limitations on availability and use under subsection (7) of this section apply both
 9 to the limited partner or person and to the attorney or other agent.

10 (11) The rights stated in this section do not extend to a transferee, but:

11 (a) Subsection (4) of this section creates rights for a person dissociated as a
 12 limited partner;

13 (b) Subsection (6) of this section recognizes the rights of the executor or
 14 administrator of a deceased limited partner; and

15 (c) The rights under this section extend to the legal representative of an
 16 individual under legal disability who is a limited partner or person
 17 dissociated as a limited partner.

18 SECTION 119. A NEW SECTION OF SUBCHAPTER 2 OF KRS CHAPTER
 19 362 IS CREATED TO READ AS FOLLOWS:

20 (1) A limited partner does not have any fiduciary duty to the limited partnership or to
 21 any other partner solely by reason of being a limited partner.

22 (2) A limited partner shall discharge the duties to the partnership and the other
 23 partners under this subchapter or under the partnership agreement and exercise
 24 any rights consistently with the obligation of good faith and fair dealing.

25 (3) A limited partner does not violate a duty or obligation under this subchapter or
 26 under the partnership agreement merely because the limited partner's conduct
 27 further the limited partner's own interest.

1 SECTION 120. A NEW SECTION OF SUBCHAPTER 2 OF KRS CHAPTER
2 362 IS CREATED TO READ AS FOLLOWS:

3 (1) Except as otherwise provided in subsection (2) of this section, a person that
4 makes an investment in a business enterprise and erroneously but in good faith
5 believes that the person has become a limited partner in the enterprise is not
6 liable for the enterprise's obligations by reason of making the investment,
7 receiving distributions from the enterprise, or exercising any rights of or
8 appropriate to a limited partner, if, on ascertaining the mistake, the person:

9 (a) Causes an appropriate certificate of limited partnership, amendment, or
10 statement of correction to be signed and delivered to the Secretary of State
11 for filing; or

12 (b) Withdraws from future participation as an owner in the enterprise by
13 signing and delivering to the Secretary of State for filing a statement of
14 withdrawal under this section.

15 (2) A person that makes an investment described in subsection (1) of this section is
16 liable to the same extent as a general partner to any third party that enters into a
17 transaction with the enterprise, believing in good faith that the person is a
18 general partner, before the Secretary of State files a statement of withdrawal,
19 certificate of limited partnership, amendment, or statement of correction to show
20 that the person is not a general partner.

21 (3) If a person makes a diligent effort in good faith to comply with subsection (1)(a)
22 of this section and is unable to cause the appropriate certificate of limited
23 partnership, amendment, or statement of correction to be signed and delivered to
24 the Secretary of State for filing, then the person has the right to withdraw from
25 the enterprise pursuant to subsection (1)(a) of this section even if otherwise the
26 withdrawal would breach an agreement with others that are or have agreed to
27 become co-owners of the enterprise.

SECTION 121. A NEW SECTION OF SUBCHAPTER 2 OF KRS CHAPTER 362 IS CREATED TO READ AS FOLLOWS:

A person becomes a general partner:

(1) As provided in the partnership agreement;

(2) Under subsection (3)(b) of Section 149 of this Act following the dissociation of a limited partnership's last general partner;

(3) As the result of a conversion or merger under Sections 176 to 188 of this Act; or

(4) With the consent of all the partners.

SECTION 122. A NEW SECTION OF SUBCHAPTER 2 OF KRS CHAPTER 362 IS CREATED TO READ AS FOLLOWS:

(1) Each general partner is an agent of the limited partnership for the purposes of its activities. An act of a general partner, including the signing of a record in the partnership's name, for apparently carrying on in the ordinary course the limited partnership's activities or activities of the kind carried on by the limited partnership, binds the limited partnership, unless the general partner did not have authority to act for the limited partnership in the particular matter and the person with which the general partner was dealing knew, had received a notification, or had notice under subsection (4) of Section 82 of this Act that the general partner lacked authority.

(2) An act of a general partner which is not apparently for carrying on in the ordinary course the limited partnership's activities or activities of the kind carried on by the limited partnership binds the limited partnership only if the act was authorized by all the other partners.

SECTION 123. A NEW SECTION OF SUBCHAPTER 2 OF KRS CHAPTER 362 IS CREATED TO READ AS FOLLOWS:

(1) A limited partnership is liable for loss or injury caused to a person, or for a penalty incurred, as a result of a wrongful act or omission, or other actionable

conduct, of a general partner acting in the ordinary course of activities of the limited partnership or with authority of the limited partnership.

(2) If, in the course of the limited partnership's activities or while acting with authority of the limited partnership, a general partner receives or causes the limited partnership to receive money or property of a person not a partner, and the money or property is misapplied by a general partner, then limited partnership is liable for the loss.

SECTION 124. A NEW SECTION OF SUBCHAPTER 2 OF KRS CHAPTER 362 IS CREATED TO READ AS FOLLOWS:

(1) Except as otherwise provided in subsections (2) and (3) of this section, all general partners are liable jointly and severally for all obligations of the limited partnership unless otherwise agreed by the claimant or provided by law.

(2) A person admitted as a general partner into an existing limited partnership is not personally liable for any limited partnership obligation incurred before the person's admission as a general partner.

(3) An obligation of a limited partnership incurred while the limited partnership is a limited liability limited partnership, whether arising in contract, tort, or otherwise, is solely the obligation of the limited partnership. A general partner is not personally liable, directly or indirectly, by way of indemnification, contribution, assessment, or otherwise, for such an obligation solely by reason of being or acting as a general partner. This subsection applies despite anything inconsistent in the partnership agreement that existed immediately before the consent required to become a limited liability limited partnership under subsection (2)(b) of Section 126 of this Act.

SECTION 125. A NEW SECTION OF SUBCHAPTER 2 OF KRS CHAPTER 362 IS CREATED TO READ AS FOLLOWS:

(1) To the extent not inconsistent with Section 124 of this Act, any of the general

partners may be joined in an action against the limited partnership or named in separate actions.

(2) A judgment against a limited partnership is not by itself a judgment against a general partner. A judgment against a limited partnership may not be satisfied from a general partner's assets unless there is also a judgment against the general partner.

(3) A judgment creditor of a general partner may not levy execution against the assets of the general partner to satisfy a judgment based on a claim against the limited partnership, unless the partner is personally liable for the claim under Section 124 of this Act and:

(a) A judgment based on the same claim has been obtained against the limited partnership and a writ of execution on the judgment has been returned unsatisfied in whole or in part;

(b) The limited partnership is a debtor in bankruptcy;

(c) The general partner has agreed that the creditor need not exhaust limited partnership assets;

(d) A court grants permission to the judgment creditor to levy execution against the assets of a general partner based on a finding that limited partnership assets subject to execution are clearly insufficient to satisfy the judgment, that exhaustion of limited partnership assets is excessively burdensome, or that the grant of permission is an appropriate exercise of the court's equitable powers; or

(e) Liability is imposed on the general partner by law or contract independent of the existence of the limited partnership.

SECTION 126. A NEW SECTION OF SUBCHAPTER 2 OF KRS CHAPTER 362 IS CREATED TO READ AS FOLLOWS:

(1) Each general partner has equal rights in the management and conduct of the

limited partnership's activities. Except as expressly provided in this subchapter, any matter relating to the activities of the limited partnership may be exclusively decided by the general partner or, if there is more than one general partner, by a majority of the general partners.

(2) The consent of each partner is necessary to:

(a) Amend the partnership agreement;

(b) Amend the certificate of limited partnership to add or, subject to Section 185 of this Act, delete a statement that the limited partnership is a limited liability limited partnership; or

(c) Sell, lease, exchange, or otherwise dispose of all, or substantially all of the limited partnership's property, with or without the good will, other than in the usual and regular course of the limited partnership's activities.

(3) A limited partnership shall reimburse a general partner for payments made and indemnify a general partner for liabilities incurred by the general partner in the ordinary course of the activities of the partnership or for the preservation of its activities or property.

(4) A limited partnership shall reimburse a general partner for an advance to the limited partnership beyond the amount of capital the general partner agreed to contribute.

(5) A payment or advance made by a general partner which gives rise to an obligation of the limited partnership under subsection (3) or (4) of this section constitutes a loan to the limited partnership which accrues interest from the date of the payment or advance.

(6) A general partner is not entitled to remuneration for services performed for the partnership.

SECTION 127. A NEW SECTION OF SUBCHAPTER 2 OF KRS CHAPTER 362 IS CREATED TO READ AS FOLLOWS:

(1) Without having to demonstrate, state, or have any particular purpose for seeking the information, a general partner may during regular business hours inspect and copy:

(a) In the limited partnership's designated office, the required information; and

(b) At a reasonable location specified by the limited partnership, any other records maintained by the limited partnership regarding the limited partnership's activities and financial condition.

(2) Each general partner and the limited partnership shall furnish to a general partner:

(a) Without demand, any information concerning the limited partnership's activities and activities reasonably required for the proper exercise of the general partner's rights and duties under the partnership agreement or this subchapter; and

(b) On demand, any other information concerning the limited partnership's activities, except to the extent the demand or the information demanded is unreasonable or otherwise improper under the circumstances.

(3) Subject to subsection (5) of this section, on ten (10) days' demand made in a record received by the limited partnership, a person dissociated as a general partner may have access to the information and records described in subsection (1) of this section at the location specified in subsection (1) of this section if:

(a) The information or record pertains to the period during which the person was a general partner;

(b) The person seeks the information or record in good faith; and

(c) The person satisfies the requirements of subsection (2) of Section 118 of this Act.

(4) The limited partnership shall respond to a demand made pursuant to subsection (3) of this section in the same manner as provided in subsection (3) of Section

1 118 of this Act.

2 (5) If a general partner dies, then Section 148 of this Act applies.

3 (6) The limited partnership may impose reasonable limitations on the use of
 4 information under this section. In any dispute concerning the reasonableness of
 5 a restriction under this subsection, the limited partnership has the burden of
 6 proving reasonableness.

7 (7) A limited partnership may charge a person dissociated as a general partner that
 8 makes a demand under this section reasonable costs of copying, limited to the
 9 costs of labor and material.

10 (8) A general partner or person dissociated as a general partner may exercise the
 11 rights under this section through an attorney or other agent. In that event, any
 12 limitation on availability and use under subsection (6) of this section applies to
 13 the attorney or other agent and the general partner or person dissociated as a
 14 general partner.

15 (9) The rights under this section do not extend to a transferee, but:

16 (a) Subsection (3) of this section creates rights for a person dissociated as a
 17 general partner, and those rights extend to the legal representative of an
 18 individual who dissociated as a general partner under subsection (7)(b) or
 19 (7)(c) of Section 140 of this Act; and

20 (b) Subsection (5) of this section recognizes the rights of the executor or
 21 administrator of a deceased general partner.

22 SECTION 128. A NEW SECTION OF SUBCHAPTER 2 OF KRS CHAPTER
 23 362 IS CREATED TO READ AS FOLLOWS:

24 (1) The fiduciary duties that a general partner has to the limited partnership and the
 25 other partners include the duties of loyalty and care under subsections (2) and (3)
 26 of this section.

27 (2) A general partner's duty of loyalty to the limited partnership and the other

partners includes, but it not limited to, the following:

(a) To account to the limited partnership and hold as trustee for it any property, profit, or benefit derived by the general partner in the conduct and winding up of the limited partnership's activities or derived from a use by the general partner of limited partnership property, including the appropriation of a limited partnership opportunity;

(b) To refrain from dealing with the limited partnership in the conduct or winding up of the limited partnership's activities as or on behalf of a party having an interest adverse to the limited partnership; and

(c) To refrain from competing with the limited partnership in the conduct or winding up of the limited partnership's activities.

(3) A general partner's duty of care to the limited partnership and the other partners in the conduct and winding up of the limited partnership's activities includes, but it not limited to, acting with the care that a reasonable person in a like position would exercise under similar circumstances and in a manner that the partner believes to be in the best interests of the limited partnership.

(4) A general partner shall discharge the duties to the limited partnership and the other partners under this subchapter or under the partnership agreement and exercise any rights consistently with the obligation of good faith and fair dealing.

(5) A general partner does not violate a duty or obligation under this subchapter or under the partnership agreement merely because the general partner's conduct furthers the general partner's own interest.

SECTION 129. A NEW SECTION OF SUBCHAPTER 2 OF KRS CHAPTER 362 IS CREATED TO READ AS FOLLOWS:

A contribution of a partner may consist of tangible or intangible property or other benefit to the limited partnership, including money, services performed, promissory notes, other agreements to contribute cash or property, and contracts for services to be

1 performed.

2 SECTION 130. A NEW SECTION OF SUBCHAPTER 2 OF KRS CHAPTER
3 362 IS CREATED TO READ AS FOLLOWS:

4 (1) A partner's obligation to contribute money, property, or other benefit to, or to
5 perform services for, a limited partnership is not excused by the partner's death,
6 disability, or other inability to perform personally.

7 (2) If a partner does not make a promised contribution of property or services, then
8 the partner is obligated at the option of the limited partnership to contribute
9 money equal to that portion of the value, as stated in the required information, of
10 the stated contribution which has not been made.

11 (3) The obligation of a partner to make a contribution or return money or other
12 property paid or distributed in violation of this subchapter may be compromised
13 only by consent of all partners. A creditor of a limited partnership which extends
14 credit or otherwise acts in reliance on an obligation described in subsection (1) of
15 this section, and without notice of any compromise under this subsection, may
16 enforce the original obligation.

17 SECTION 131. A NEW SECTION OF SUBCHAPTER 2 OF KRS CHAPTER
18 362 IS CREATED TO READ AS FOLLOWS:

19 A distribution by a limited partnership shall be shared among the partners on the basis
20 of the value, as stated in the required records when the limited partnership decides to
21 make the distribution, of the contributions the limited partnership has received from
22 each partner.

23 SECTION 132. A NEW SECTION OF SUBCHAPTER 2 OF KRS CHAPTER
24 362 IS CREATED TO READ AS FOLLOWS:

25 A partner does not have a right to any distribution before the dissolution and winding
26 up of the limited partnership unless the limited partnership decides to make an interim
27 distribution.

1 SECTION 133. A NEW SECTION OF SUBCHAPTER 2 OF KRS CHAPTER
2 362 IS CREATED TO READ AS FOLLOWS:

3 *A person does not have a right to receive a distribution on account of dissociation.*

4 SECTION 134. A NEW SECTION OF SUBCHAPTER 2 OF KRS CHAPTER
5 362 IS CREATED TO READ AS FOLLOWS:

6 *(1) A partner, regardless of the nature of the partner's contribution, has no right to*
7 *demand or receive any distribution from a limited partnership in any form other*
8 *than cash. A limited partnership may distribute an asset in kind only to the extent*
9 *that each partner receives a percentage of the asset equal to the partner's share of*
10 *distributions.*

11 *(2) The property of a limited partnership subject to this subchapter shall not be*
12 *subject to KRS 381.135(1)(a)1.*

13 SECTION 135. A NEW SECTION OF SUBCHAPTER 2 OF KRS CHAPTER
14 362 IS CREATED TO READ AS FOLLOWS:

15 *When a partner becomes entitled to receive a distribution, the partner has the status of,*
16 *and is entitled to all remedies available to, a creditor of the limited partnership with*
17 *respect to the distribution. However, the limited partnership's obligation to make a*
18 *distribution is subject to offset for any amount owed to the limited partnership by the*
19 *partner or dissociated partner on whose account the distribution is made.*

20 SECTION 136. A NEW SECTION OF SUBCHAPTER 2 OF KRS CHAPTER
21 362 IS CREATED TO READ AS FOLLOWS:

22 *(1) A limited partnership shall not make a distribution in violation of the partnership*
23 *agreement.*

24 *(2) A limited partnership shall not make a distribution if after the distribution:*

25 *(a) The limited partnership would not be able to pay its debts as they become*
26 *due in the ordinary course of the limited partnership's activities; or*

27 *(b) The limited partnership's total assets would be less than the sum of its total*

liabilities plus the amount that would be needed, if the limited partnership were to be dissolved, wound up, and terminated at the time of the distribution, to satisfy the preferential rights upon dissolution, winding up, and termination of partners whose preferential rights are superior to those of persons receiving the distribution.

(3) A limited partnership may base a determination that a distribution is not prohibited under subsection (2) of this section on financial statements prepared on the basis of accounting practices and principles that are reasonable in the circumstances or on a fair valuation or other method that is reasonable in the circumstances.

(4) Except as otherwise provided in subsection (7) of this section, the effect of a distribution under subsection (2) of this section is measured:

(a) In the case of distribution by purchase, redemption, or other acquisition of a transferable interest in the limited partnership, as of the date money or other property is transferred or debt incurred by the limited partnership; and

(b) In all other cases, as of the date:

1. The distribution is authorized, if the payment occurs within one hundred twenty (120) days after that date; or

2. The payment is made, if payment occurs more than one hundred twenty (120) days after that date.

(5) A limited partnership's indebtedness to a partner incurred by reason of a distribution made in accordance with this section is at parity with the limited partnership's indebtedness to its general, unsecured creditors.

(6) A limited partnership's indebtedness, including indebtedness issued in connection with or as part of a distribution, is not considered a liability for purposes of determinations under subsection (2) of this section if the terms of the

indebtedness provide that payment of principal and interest are made only to the extent that a distribution could then be made to partners under this section.

(7) If indebtedness is issued as a distribution, each payment of principal or interest on the indebtedness is treated as a distribution, the effect of which is measured on the date the payment is made.

(8) For purposes of this section, the term "distribution" shall not include amounts constituting reasonable compensation for present or past services or reasonable payments made in the ordinary course of business pursuant to a bona fide retirement plan or other benefits program.

SECTION 137. A NEW SECTION OF SUBCHAPTER 2 OF KRS CHAPTER 362 IS CREATED TO READ AS FOLLOWS:

(1) A general partner that consents to a distribution made in violation of Section 136 of this Act is personally liable to the limited partnership for the amount of the distribution which exceeds the amount that could have been distributed without the violation if it is established that in consenting to the distribution the general partner failed to comply with Section 128 of this Act.

(2) A partner or transferee that knew a distribution was made in violation of Section 136 of this Act is personally liable to the limited partnership but only to the extent that the distribution received by the partner or transferee exceeded the amount that could have been properly paid under Section 136 of this Act.

(3) A general partner against which an action is brought under subsection (1) of this section may:

(a) Implead in the action any other person that as a general partner consented to the distribution in violation of subsection (1) of this section and compel contribution from that person; and

(b) Implead in the action any person that received a distribution in violation of subsection (2) of this section and compel contribution from that person in

1 the amount that person received in violation of subsection (2) of this
 2 section.

3 (4) A proceeding under this section is barred if it is not commenced within two (2)
 4 years after the distribution.

5 SECTION 138. A NEW SECTION OF SUBCHAPTER 2 OF KRS CHAPTER
 6 362 IS CREATED TO READ AS FOLLOWS:

7 (1) A person does not have a right to dissociate as a limited partner before the
 8 termination of the limited partnership.

9 (2) A person is dissociated from a limited partnership as a limited partner upon the
 10 occurrence of any of the following events:

11 (a) The limited partnership's having notice of the person's express will to
 12 withdraw as a limited partner or on a later date specified by the person;

13 (b) An event agreed to in the partnership agreement as causing the person's
 14 dissociation as a limited partner;

15 (c) The person's expulsion as a limited partner pursuant to the partnership
 16 agreement;

17 (d) The person's expulsion as a limited partner by the unanimous consent of
 18 the other partners if:

19 1. It is unlawful to carry on the limited partnership's activities with that
 20 person as a limited partner;

21 2. There has been a transfer of all of the person's transferable interest in
 22 the limited partnership, other than a transfer for security purposes, or
 23 a court order charging the person's interest, which has not been
 24 foreclosed;

25 3. The person is a corporation and, within ninety (90) days after the
 26 limited partnership notifies the person that it will be expelled as a
 27 limited partner because it has filed a certificate of dissolution or the

equivalent, its charter has been revoked, or its right to conduct business has been suspended by the jurisdiction of its incorporation, there is no revocation of the certificate of dissolution or no reinstatement of its charter or its right to conduct business; or

4. The person is a limited liability company or partnership that has been dissolved and whose business is being wound up;

(e) On application by the limited partnership, the person's expulsion as a limited partner by judicial determination because:

1. The person engaged in wrongful conduct that adversely and materially affected the limited partnership's activities;

2. The person willfully or persistently committed a material breach of the partnership agreement or of the obligation of good faith and fair dealing under subsection (2) of Section 119 of this Act; or

3. The person engaged in conduct relating to the limited partnership's activities which makes it not reasonably practicable to carry on the activities with the person as limited partner;

(f) In the case of a person who is an individual, the person's death;

(g) In the case of a person that is a trust or is acting as a limited partner by virtue of being a trustee of a trust, distribution of the trust's entire transferable interest in the limited partnership, but not merely by reason of the substitution of a successor trustee;

(h) In the case of a person that is an estate or is acting as a limited partner by virtue of being a personal representative of an estate, distribution of the estate's entire transferable interest in the limited partnership, but not merely by reason of the substitution of a successor personal representative;

(i) Termination of a limited partner that is not an individual, partnership, limited liability company, corporation, trust, or estate;

1 (j) The limited partnership's participation in a merger or conversion under
 2 Sections 176 to 188 of this Act, if the limited partnership:

3 1. Is not the converted or surviving entity; or

4 2. Is the converted or surviving entity but, as a result of the conversion or
 5 merger, the person ceases to be a limited partner.

6 SECTION 139. A NEW SECTION OF SUBCHAPTER 2 OF KRS CHAPTER
 7 362 IS CREATED TO READ AS FOLLOWS:

8 Upon a person's dissociation as a limited partner:

9 (1) Subject to Section 148 of this Act, the person does not have further rights as a
 10 limited partner;

11 (2) The person's obligation of good faith and fair dealing as a limited partner under
 12 subsection (2) of Section 119 of this Act continues only as to matters arising and
 13 events occurring before the dissociation;

14 (3) Subject to Section 148 of this Act and Sections 176 to 188 of this Act, any
 15 transferable interest owned by the person in the person's capacity as a limited
 16 partner immediately before dissociation is owned by the person as a mere
 17 transferee; and

18 (4) The dissociation does not of itself discharge the person from any obligation to the
 19 limited partnership or the other partners which the person incurred while a
 20 limited partner.

21 SECTION 140. A NEW SECTION OF SUBCHAPTER 2 OF KRS CHAPTER
 22 362 IS CREATED TO READ AS FOLLOWS:

23 A person is dissociated from a limited partnership as a general partner upon the
 24 occurrence of any of the following events:

25 (1) The limited partnership's having notice of the person's express will to withdraw
 26 as a general partner or on a later date specified by the person;

27 (2) An event agreed to in the partnership agreement as causing the person's

1 dissociation as a general partner;

2 (3) The person's expulsion as a general partner pursuant to the partnership
 3 agreement;

4 (4) The person's expulsion as a general partner by the unanimous consent of the
 5 other partners if:

6 (a) It is unlawful to carry on the limited partnership's activities with that
 7 person as a general partner;

8 (b) There has been a transfer of all or substantially all of the person's
 9 transferable interest in the limited partnership, other than a transfer for
 10 security purposes, or a court order charging the person's interest, which has
 11 not been foreclosed;

12 (c) The person is a corporation and, within ninety (90) days after the limited
 13 partnership notifies the person that it will be expelled as a general partner
 14 because it has filed articles of dissolution or the equivalent, its articles of
 15 incorporation have been revoked, or its right to conduct business has been
 16 suspended by the jurisdiction of its incorporation, there is no revocation of
 17 the articles of dissolution or no reinstatement of its articles of incorporation
 18 or its right to conduct business; or

19 (d) The person is a limited liability company or partnership that has been
 20 dissolved and whose business is being wound up;

21 (5) On application by the limited partnership, the person's expulsion as a general
 22 partner by judicial determination because:

23 (a) The person engaged in wrongful conduct that adversely and materially
 24 affected the limited partnership activities;

25 (b) The person willfully or persistently committed a material breach of the
 26 partnership agreement or of a duty owed to the partnership or the other
 27 partners under Section 128 of this Act; or

1 (c) The person engaged in conduct relating to the limited partnership's
 2 activities which makes it not reasonably practicable to carry on the activities
 3 of the limited partnership with the person as a general partner;

4 (6) The person's:

5 (a) Becoming a debtor in bankruptcy;

6 (b) Execution of an assignment for the benefit of creditors;

7 (c) Seeking, consenting to, or acquiescing in the appointment of a trustee,
 8 receiver, or liquidator of that person or of all or substantially all of that
 9 person's property; or

10 (d) Failure, within ninety (90) days after the appointment, to have vacated or
 11 stayed the appointment of a trustee, receiver, or liquidator of the general
 12 partner or of all or substantially all of the person's property obtained
 13 without the person's consent or acquiescence, or failing within ninety (90)
 14 days after the expiration of a stay to have the appointment vacated;

15 (7) In the case of a person who is an individual:

16 (a) The person's death;

17 (b) The appointment of a guardian or general conservator for the person; or

18 (c) A judicial determination that the person has otherwise become incapable of
 19 performing the person's duties as a general partner under the partnership
 20 agreement;

21 (8) In the case of a person that is a trust or is acting as a general partner by virtue of
 22 being a trustee of a trust, distribution of the trust's entire transferable interest in
 23 the limited partnership, but not merely by reason of the substitution of a
 24 successor trustee;

25 (9) In the case of a person that is an estate or is acting as a general partner by virtue
 26 of being a personal representative of an estate, distribution of the estate's entire
 27 transferable interest in the limited partnership, but not merely by reason of the

substitution of a successor personal representative;

(10) Termination of a general partner that is not an individual, partnership, limited liability company, corporation, trust, or estate;

(11) The limited partnership's participation in a merger or conversion under Sections 176 to 188 of this Act, if the limited partnership:

(a) Is not the converted or surviving entity; or

(b) Is the converted or surviving entity but, as a result of the conversion or merger, the person ceases to be a general partner.

SECTION 141. A NEW SECTION OF SUBCHAPTER 2 OF KRS CHAPTER 362 IS CREATED TO READ AS FOLLOWS:

(1) A person has the power to dissociate as a general partner at any time, rightfully or wrongfully, by express will pursuant to subsection (1) of Section 140 of this Act.

(2) A person's dissociation as a general partner is wrongful only if:

(a) It is in breach of an express provision of the partnership agreement; or

(b) It occurs before the termination of the limited partnership and:

1. The person withdraws as a general partner by express will;

2. The person is expelled as a general partner by judicial determination under subsection (5) of Section 140 of this Act;

3. The person is dissociated as a general partner by becoming a debtor in bankruptcy; or

4. In the case of a person that is not an individual, trust other than a business trust, or estate, the person is expelled or otherwise dissociated as a general partner because it willfully dissolved or terminated.

(3) A person that wrongfully dissociates as a general partner is liable to the limited partnership and, subject to Section 171 of this Act, to the other partners for damages caused by the dissociation. The liability is in addition to any other

1 obligation of the general partner to the limited partnership or to the other
 2 partners.

3 SECTION 142. A NEW SECTION OF SUBCHAPTER 2 OF KRS CHAPTER
 4 362 IS CREATED TO READ AS FOLLOWS:

5 Upon a person's dissociation as a general partner:

- 6 (1) The person's right to participate as a general partner in the management and
 7 conduct of the partnership's activities terminates;
- 8 (2) The person's duty of loyalty as a general partner under subsection (2)(c) of
 9 Section 128 of this Act terminates;
- 10 (3) The person's duty of loyalty as a general partner under subsections (2)(a) and
 11 (2)(b) of Section 128 of this Act and duty of care under subsection (3) of Section
 12 128 of this Act continue only with regard to matters arising and events occurring
 13 before the person's dissociation as a general partner;
- 14 (4) The person may sign and deliver to the Secretary of State for filing a statement of
 15 dissociation pertaining to the person and, at the request of the limited
 16 partnership, shall sign an amendment to the certificate of limited partnership
 17 which states that the person has dissociated;
- 18 (5) Subject to Section 148 of this Act and Sections 176 to 188 of this Act, any
 19 transferable interest owned by the person immediately before dissociation in the
 20 person's capacity as a general partner is owned by the person as a mere
 21 transferee; and
- 22 (6) The dissociation does not of itself discharge the person from any obligation to the
 23 limited partnership or the other partners which the person incurred while a
 24 general partner.

25 SECTION 143. A NEW SECTION OF SUBCHAPTER 2 OF KRS CHAPTER
 26 362 IS CREATED TO READ AS FOLLOWS:

- 27 (1) After a person is dissociated as a general partner and before the limited

partnership is dissolved, converted under Sections 176 to 188 of this Act or merged out of existence under Sections 176 to 188 of this Act, the limited partnership is bound by an act of the person only if:

(a) The act would have bound the limited partnership under Section 122 of this Act before the dissociation; and

(b) At the time the other party enters into the transaction:

1. Less than two (2) years has passed since the dissociation; and

2. The other party does not have notice of the dissociation and reasonably believes that the person is a general partner.

(2) If a limited partnership is bound under subsection (1) of this section, then the person dissociated as a general partner is liable:

(a) To the limited partnership for any damage caused to the limited partnership arising from that obligation; and

(b) If a general partner or another person dissociated as a general partner is liable for that obligation, to that general partner or other person for any damage caused to that general partner or other person arising from that liability.

SECTION 144. A NEW SECTION OF SUBCHAPTER 2 OF KRS CHAPTER 362 IS CREATED TO READ AS FOLLOWS:

(1) A person's dissociation as a general partner does not of itself discharge the person's liability as a general partner for a limited partnership's obligation incurred before dissociation. Except as otherwise provided in subsections (2) and (3) of this section, the person is not liable for a limited partnership's obligation incurred after dissociation.

(2) A person whose dissociation as a general partner resulted in a dissolution and winding up of the limited partnership's activities is liable to the same extent as a general partner under Section 124 of this Act on an obligation incurred by the

limited partnership under Section 152 of this Act.

(3) A person that has dissociated as a general partner but whose dissociation did not result in a dissolution and winding up of the limited partnership's activities is liable on a transaction entered into by the limited partnership after the dissociation, only if:

(a) A general partner would be liable on the transaction; and

(b) At the time the other party enters into the transaction:

1. Less than two (2) years have passed since the dissociation; and

2. The other party does not have notice of the dissociation and reasonably believes that the person is a general partner.

(4) By agreement with the limited partnership's creditor and the limited partnership, a person dissociated as a general partner may be released from liability for a limited partnership's obligation.

(5) A person dissociated as a general partner is released from liability for a limited partnership's obligation if a limited partnership's creditor, with notice of the person's dissociation as a general partner but without the person's consent, agrees to a material alteration in the nature or time of payment of the limited partnership's obligation.

SECTION 145. A NEW SECTION OF SUBCHAPTER 2 OF KRS CHAPTER 362 IS CREATED TO READ AS FOLLOWS:

The only transferable interest of a partner is the partner's right to receive distributions.
The interest is personal property.

SECTION 146. A NEW SECTION OF SUBCHAPTER 2 OF KRS CHAPTER 362 IS CREATED TO READ AS FOLLOWS:

(1) A transfer, in whole or in part, of a partner's transferable interest in the limited partnership:

(a) Is permissible;

- 1 (b) Does not by itself cause the partner's dissociation or a dissolution and
2 winding up of the limited partnership's activities; and
- 3 (c) Does not, as against the other partners or the limited partnership, entitle the
4 transferee to participate in the management or conduct of the limited
5 partnership's activities, to require access to information concerning the
6 limited partnership's transactions except as provided in subsection (3) of
7 this section, or to inspect or copy the required information or the limited
8 partnership's other records.
- 9 (2) A transferee has a right to receive, in accordance with the transfer:
- 10 (a) Distributions to which the transferor would otherwise be entitled; and
11 (b) Upon the dissolution and winding up of the limited partnership's activities
12 the net amount otherwise distributable to the transferor.
- 13 (3) In a dissolution and winding up, a transferee is entitled to an account of the
14 limited partnership's transactions only from the date of dissolution.
- 15 (4) Upon transfer, the transferor retains the rights of a partner other than the
16 interest in distributions transferred and retains all duties and obligations of a
17 partner.
- 18 (5) A limited partnership need not give effect to a transferee's rights under this
19 section until the limited partnership has notice of the transfer.
- 20 (6) A transfer of a partner's transferable interest in the limited partnership in
21 violation of a restriction on transfer contained in the partnership agreement is
22 ineffective as to a person having notice of the restriction at the time of transfer.
- 23 (7) A transferee that becomes a partner with respect to a transferable interest is liable
24 for the transferor's obligations under Sections 130 and 137 of this Act. However,
25 the transferee is not obligated for liabilities unknown to the transferee at the time
26 the transferee became a partner.
- 27 (8) Limitations upon transfer set forth in Sections 145 to 148 of this Act or adopted

by the partners in accordance with this subchapter are enforceable notwithstanding KRS 355.9-406 and 355.9-408.

SECTION 147. A NEW SECTION OF SUBCHAPTER 2 OF KRS CHAPTER 362 IS CREATED TO READ AS FOLLOWS:

(1) On application to a court of competent jurisdiction by any judgment creditor of a partner or transferee, the court may charge the transferable interest of the judgment debtor with payment of the unsatisfied amount of the judgment with interest. To the extent so charged, the judgment creditor has only the rights of a transferee. The court may appoint a receiver of the share of the distributions due or to become due to the judgment debtor in respect of the partnership and make all other orders, directions, accounts, and inquiries the judgment debtor might have made or which the circumstances of the case may require to give effect to the charging order.

(2) A charging order constitutes a lien on the judgment debtor's transferable interest. The court may order a foreclosure upon the interest subject to the charging order at any time. The purchaser at the foreclosure sale has the rights of a transferee.

(3) At any time before foreclosure, an interest charged may be redeemed:

(a) By the judgment debtor;

(b) With property other than limited partnership property, by one or more of the other partners; or

(c) With limited partnership property, by the limited partnership with the consent of all partners whose interests are not so charged.

(4) This subchapter does not deprive any partner or transferee of the benefit of any exemption laws applicable to the partner's or transferee's transferable interest.

(5) This section provides the exclusive remedy by which a judgment creditor of a partner or transferee may satisfy a judgment out of the judgment debtor's transferable interest.

1 SECTION 148. A NEW SECTION OF SUBCHAPTER 2 OF KRS CHAPTER
2 362 IS CREATED TO READ AS FOLLOWS:

3 *If a partner dies, then the deceased partner's executor, administrator, or other legal*
4 *representative may exercise the rights of a transferee as provided in Section 146 of this*
5 *Act, and for the purposes of settling the estate, may exercise the rights of a current*
6 *limited partner under Section 118 of this Act.*

7 SECTION 149. A NEW SECTION OF SUBCHAPTER 2 OF KRS CHAPTER
8 362 IS CREATED TO READ AS FOLLOWS:

9 *Except as otherwise provided in Section 150 of this Act, a limited partnership is*
10 *dissolved, and its activities shall be wound up, only upon the occurrence of any of the*
11 *following:*

12 *(1) The happening of an event specified in the partnership agreement;*

13 *(2) The consent of all general partners and of all limited partners;*

14 *(3) After the dissociation of a person as a general partner:*

15 *(a) If the limited partnership has at least one remaining general partner, the*
16 *consent to dissolve the limited partnership given within ninety (90) days*
17 *after the dissociation by partners owning a majority of the rights to receive*
18 *distributions as partners at the time the consent is to be effective; or*

19 *(b) If the limited partnership does not have a remaining general partner, the*
20 *passage of ninety (90) days after the dissociation, unless before the end of*
21 *that period:*

22 *1. Consent to continue the activities of the limited partnership and admit*
23 *at least one (1) general partner is given by limited partners owning a*
24 *majority of the rights to receive distributions as limited partners at the*
25 *time the consent is to be effective; and*

26 *2. At least one (1) person is admitted as a general partner in accordance*
27 *with that consent;*

(4) The passage of ninety (90) days after the dissociation of the limited partnership's last limited partner, unless before the end of that period the limited partnership admits at least one (1) limited partner; or

(5) The administrative dissolution of the limited partnership by the Secretary of State under Section 157 of this Act.

SECTION 150. A NEW SECTION OF SUBCHAPTER 2 OF KRS CHAPTER 362 IS CREATED TO READ AS FOLLOWS:

On application by a partner, the Circuit Court of the county in which the limited partnership maintains its registered agent may decree dissolution of a limited partnership if it is not reasonably practicable to carry on the activities of the limited partnership in conformity with the partnership agreement.

SECTION 151. A NEW SECTION OF SUBCHAPTER 2 OF KRS CHAPTER 362 IS CREATED TO READ AS FOLLOWS:

(1) A limited partnership continues after dissolution only for the purpose of winding up its activities.

(2) In winding up its business the limited partnership:

(a) May amend its certificate of limited partnership to state that the limited partnership is dissolved, preserve the limited partnership business or property as a going concern for a reasonable time, prosecute and defend actions and proceedings, whether civil, criminal, or administrative, transfer the limited partnership's property, settle disputes by mediation or arbitration, file a statement of cancellation as provided in Section 107 of this Act, and perform other necessary acts; and

(b) Shall discharge the limited partnership's liabilities, settle and close the limited partnership's activities, and marshal and distribute the assets of the partnership.

(3) If a dissolved limited partnership does not have a general partner, a person to

wind up the dissolved limited partnership's activities may be appointed by the consent of limited partners owning a majority of the rights to receive distributions as limited partners at the time the consent is to be effective. A person appointed under this subsection:

(a) Has the powers of a general partner under Section 152 of this Act; and

(b) Shall promptly amend the certificate of limited partnership to:

1. State that the limited partnership does not have a general partner and that the person has been appointed to wind up the limited partnership; and

2. State the street and mailing address of the person.

(4) On the application of any partner, the Circuit Court of the county in which the limited partnership maintains its registered agent may order judicial supervision of the winding up, including the appointment of a person to wind up the dissolved limited partnership's activities, if:

(a) A limited partnership does not have a general partner and within a reasonable time following the dissolution no person has been appointed pursuant to subsection (3) of this section; or

(b) The applicant establishes other good cause.

SECTION 152. A NEW SECTION OF SUBCHAPTER 2 OF KRS CHAPTER 362 IS CREATED TO READ AS FOLLOWS:

(1) A limited partnership is bound by a general partner's act after dissolution which:

(a) Is appropriate for winding up the limited partnership's activities; or

(b) Would have bound the limited partnership under Section 122 of this Act before dissolution, if, at the time the other party enters into the transaction, the other party does not have notice of the dissolution.

(2) A person dissociated as a general partner binds a limited partnership through an act occurring after dissolution if:

1 (a) At the time the other party enters into the transaction:

2 1. Less than two (2) years has passed since the dissociation; and

3 2. The other party does not have notice of the dissociation and
 4 reasonably believes that the person is a general partner; and

5 (b) The act:

6 1. Is appropriate for winding up the limited partnership's activities; or

7 2. Would have bound the limited partnership under Section 122 of this
 8 Act before dissolution and at the time the other party enters into the
 9 transaction the other party does not have notice of the dissolution.

10 SECTION 153. A NEW SECTION OF SUBCHAPTER 2 OF KRS CHAPTER
 11 362 IS CREATED TO READ AS FOLLOWS:

12 (1) If a general partner having knowledge of the dissolution causes a limited
 13 partnership to incur an obligation under subsection (1) of Section 152 of this Act
 14 by an act that is not appropriate for winding up the partnership's activities, then
 15 the general partner is liable:

16 (a) To the limited partnership for any damage caused to the limited partnership
 17 arising from the obligation; and

18 (b) If another general partner or a person dissociated as a general partner is
 19 liable for the obligation, to that other general partner or person for any
 20 damage caused to that other general partner or person arising from that
 21 liability.

22 (2) If a person dissociated as a general partner causes a limited partnership to incur
 23 an obligation under subsection (2) of Section 152 of this Act, then the person is
 24 liable:

25 (a) To the limited partnership for any damage caused to the limited partnership
 26 arising from the obligation; and

27 (b) If a general partner or another person dissociated as a general partner is

1 liable for that obligation, then to that general partner or other person for
 2 any damage caused to that general partner or other person arising from
 3 that liability.

4 SECTION 154. A NEW SECTION OF SUBCHAPTER 2 OF KRS CHAPTER
 5 362 IS CREATED TO READ AS FOLLOWS:

6 (1) A dissolved limited partnership may dispose of the known claims against it by
 7 following the procedure described in subsection (2) of this section.

8 (2) A dissolved limited partnership may in a record notify its known claimants of the
 9 dissolution. The notice shall:

10 (a) Specify the information required to be included in a claim;

11 (b) Provide a mailing address to which the claim is to be sent;

12 (c) State the deadline for receipt of the claim, which shall not be less than one-
 13 hundred twenty (120) days after the date the notice in a record is received by
 14 the claimant;

15 (d) State that the claim will be barred if not received by the deadline; and

16 (e) Unless the limited partnership has been throughout its existence a limited
 17 liability limited partnership, state that the barring of a claim against the
 18 limited partnership will also bar any corresponding claim against any
 19 present or dissociated general partner which is based on Section 124 of this
 20 Act.

21 (3) A claim against a dissolved limited partnership is barred if the requirements of
 22 subsection (2) of this section are met and:

23 (a) The claim is not received by the specified deadline; or

24 (b) In the case of a claim that is timely received but rejected by the dissolved
 25 limited partnership, the claimant does not commence a proceeding to
 26 enforce the claim against the limited partnership within ninety (90) days
 27 after the receipt of the notice of the rejection.

(4) This section does not apply to a contingent liability or a claim based on an event occurring after the effective date of dissolution.

SECTION 155. A NEW SECTION OF SUBCHAPTER 2 OF KRS CHAPTER 362 IS CREATED TO READ AS FOLLOWS:

(1) A dissolved limited partnership may publish notice of its dissolution and request persons having claims against the limited partnership to present them in accordance with the notice.

(2) The notice shall:

(a) Be published at least once in a newspaper of general circulation in the county in which the dissolved limited partnership's principal office is located or, if it has none in this Commonwealth, then in the county in which the limited partnership's registered office is or was last located;

(b) Describe the information required to be contained in a claim and provide a mailing address to which the claim is to be sent;

(c) State that a claim against the limited partnership is barred unless a proceeding to enforce the claim is commenced within five (5) years after publication of the notice; and

(d) Unless the limited partnership has been throughout its existence a limited liability limited partnership, state that the barring of a claim against the limited partnership will also bar any corresponding claim against any present or dissociated general partner which is based on Section 124 of this Act.

(3) If a dissolved limited partnership publishes a notice in accordance with subsection (2) of this section, the claim of each of the following claimants is barred unless the claimant commences a proceeding to enforce the claim against the dissolved limited partnership within five (5) years after the publication date of the notice:

- 1 (a) A claimant that did not receive notice in a record under Section 154 of this
 2 Act;
- 3 (b) A claimant whose claim was timely sent to the dissolved limited partnership
 4 but not acted on; and
- 5 (c) A claimant whose claim is contingent or based on an event occurring after
 6 the effective date of dissolution.
- 7 (4) A claim not barred under this section may be enforced:
- 8 (a) Against the dissolved limited partnership, to the extent of its undistributed
 9 assets;
- 10 (b) If the assets have been distributed in liquidation, against a partner or
 11 transferee to the extent of that person's proportionate share of the claim or
 12 the limited partnership's assets distributed to the partner or transferee in
 13 liquidation, whichever is less, but a person's total liability for all claims
 14 under this paragraph does not exceed the total amount of assets distributed
 15 to the person as part of the winding up of the dissolved limited partnership;
 16 or
- 17 (c) Against any person liable on the claim under Section 124 of this Act.

18 SECTION 156. A NEW SECTION OF SUBCHAPTER 2 OF KRS CHAPTER
 19 362 IS CREATED TO READ AS FOLLOWS:

20 If a claim against a dissolved limited partnership is barred under Section 154 or 155 of
 21 this Act, then any corresponding claim under Section 124 of this Act is also barred.

22 SECTION 157. A NEW SECTION OF SUBCHAPTER 2 OF KRS CHAPTER
 23 362 IS CREATED TO READ AS FOLLOWS:

- 24 (1) The Secretary of State may commence a proceeding to administratively dissolve a
 25 domestic limited partnership if:
- 26 (a) The limited partnership does not file its annual report with the Secretary of
 27 State within sixty (60) days after it is due;

- 1 **(b) The limited partnership is without a registered agent or registered office in**
2 **this Commonwealth for sixty (60) days or more; or**
- 3 **(c) The partnership does not notify the Secretary of State within sixty (60) days**
4 **that its registered agent or registered office has been changed, that its**
5 **registered agent has resigned, or that its registered office has been**
6 **discontinued.**
- 7 **(2) If the Secretary of State determines that one (1) or more grounds exist for the**
8 **administrative dissolution of a limited partnership, then he shall send to the**
9 **partnership at its registered office by first class mail a written notice of that**
10 **determination.**
- 11 **(3) If the limited partnership does not correct each ground for dissolution or**
12 **demonstrate to the reasonable satisfaction of the Secretary of State that each**
13 **ground determined by the Secretary of State does not exist within sixty (60) days**
14 **from the date on which the notice was mailed, then the Secretary of State shall**
15 **administratively dissolve the limited partnership by signing a certificate of**
16 **dissolution that recites the ground or grounds for dissolution and its effective**
17 **date. The Secretary of State shall file the original certificate and serve a copy on**
18 **the limited partnership by mailing such certificate by first class mail to the limited**
19 **partnership at its registered office.**
- 20 **(4) A limited partnership administratively dissolved continues its existence but shall**
21 **not carry on any business except that necessary to wind up and liquidate its**
22 **business and affairs as provided in Sections 151 to 160 of this Act.**
- 23 **(5) The administrative dissolution of a limited partnership shall not terminate the**
24 **authority of its registered agent.**

25 SECTION 158. A NEW SECTION OF SUBCHAPTER 2 OF KRS CHAPTER
26 362 IS CREATED TO READ AS FOLLOWS:

- 27 **(1) A limited partnership administratively dissolved may apply to the Secretary of**

State for reinstatement at any time after the effective date of the dissolution by filing an application that:

(a) Recites the name of the limited partnership and identifies the effective date of that administrative dissolution;

(b) States that the ground or grounds for dissolution either did not exist or have been eliminated;

(c) States that the name of the limited partnership satisfies the requirements of Section 87 of this Act; and

(d) Is accompanied by the reinstatement penalty and the current fee for filing each delinquent annual report.

(2) If the Secretary of State determines that the application contains the information required by subsection (1) of this section and that the information provided therein is correct, then he shall cancel the certificate of administrative dissolution, prepare a certificate reciting the cancellation of the administrative dissolution and the effective date thereof, file the original of the certificate, and send a copy of the certificate to the limited partnership by first class mail at its registered office.

(3) When the revocation of the administrative dissolution is effective, it shall relate back to and take effect as of the effective date of the administrative dissolution, and the limited partnership shall resume carrying on its business as if the administrative dissolution or revocation had never occurred.

(4) Notwithstanding any other provision to the contrary, any limited partnership that was administratively dissolved or revoked and has taken the action necessary to wind up and liquidate its business and affairs under Section 151 of this Act and to notify claimants under Sections 154 and 155 of this Act shall be prohibited from reinstatement.

SECTION 159. A NEW SECTION OF SUBCHAPTER 2 OF KRS CHAPTER

362 IS CREATED TO READ AS FOLLOWS:

(1) If the Secretary of State denies a limited partnership's application for reinstatement following administrative dissolution, then he shall serve the limited partnership with written notice that explains the reason or reasons for denial by mailing the notice by first class mail to the limited partnership at its registered office.

(2) The limited partnership may appeal the denial of reinstatement to the Franklin Circuit Court within thirty (30) days after the service of the notice of the denial transmitted to the partnership. The limited partnership may appeal by petitioning the court to set aside the administrative dissolution and attaching to the petition copies of the Secretary of State's certificate of administrative dissolution, the limited partnership's application for reinstatement, and the Secretary of State's notice of denial.

(3) The court may summarily order the Secretary of State to reinstate the limited partnership, or may take any other action the court considers appropriate.

(4) The court's final decision may be appealed as in any other civil proceedings.

SECTION 160. A NEW SECTION OF SUBCHAPTER 2 OF KRS CHAPTER 362 IS CREATED TO READ AS FOLLOWS:

(1) In winding up a limited partnership's activities, the assets of the limited partnership, including the contributions required by this section, shall be applied to satisfy the limited partnership's obligations to creditors, including, to the extent permitted by law, partners that are creditors.

(2) Any surplus remaining after the limited partnership complies with subsection (1) of this section may be distributed in cash or, subject to subsection (1) of Section 134 of this Act, in kind.

(3) If the limited partnership's assets are insufficient to satisfy all of its obligations under subsection (1) of this section, with respect to each unsatisfied obligation

1 incurred when the limited partnership was not a limited liability limited
2 partnership, then the following rules apply:

3 (a) Each person that was a general partner when the obligation was incurred
4 and that has not been released from that obligation under Section 144 of
5 this Act shall contribute to the limited partnership for the purpose of
6 enabling the limited partnership to satisfy that obligation. The contribution
7 due from each of those persons is in proportion to the right to receive
8 distributions in the capacity of general partner in effect for each of those
9 persons when the obligation was incurred.

10 (b) If a person fails to contribute the full amount required under subsection
11 (3)(a) of this section with respect to an unsatisfied obligation of the limited
12 partnership, then the other persons required to contribute by subsection
13 (3)(a) of this section on account of that obligation shall contribute the
14 additional amount necessary to discharge the obligation. The additional
15 contribution due from each of those other persons is in proportion to the
16 right to receive distributions in the capacity of general partner in effect for
17 each of those other persons when the obligation was incurred.

18 (c) If a person fails to make the additional contribution required by subsection
19 (3)(b) of this section, further additional contributions are determined and
20 due in the same manner as provided in that subsection.

21 (4) A person that makes an additional contribution under subsection (3)(b) or (3)(c)
22 of this section may recover from any person whose failure to contribute under
23 subsection (3)(a) or (3)(b) of this section necessitated the additional contribution.
24 A person shall not recover under this subsection more than the amount
25 additionally contributed. A person's liability under this subsection shall not
26 exceed the amount the person failed to contribute.

27 (5) The estate of a deceased individual is liable for the person's obligations under

1 this section.

2 (6) An assignee for the benefit of creditors of a limited partnership or a partner, or a
 3 person appointed by a court to represent creditors of a limited partnership or a
 4 partner, may enforce a person's obligation to contribute under subsection (3) of
 5 this section.

6 SECTION 161. A NEW SECTION OF SUBCHAPTER 2 OF KRS CHAPTER
 7 362 IS CREATED TO READ AS FOLLOWS:

8 (1) The laws of the state or other jurisdiction under which a foreign limited
 9 partnership is organized govern its organization and internal affairs and the
 10 liability of its partners as partners.

11 (2) A foreign limited partnership shall not be denied a certificate of authority by
 12 reason of any difference between the laws of the jurisdiction under which the
 13 foreign limited partnership is organized and the laws of this Commonwealth.

14 (3) A certificate of authority does not authorize a foreign limited partnership to
 15 engage in any business or exercise any power that a limited partnership may not
 16 engage in or exercise in this Commonwealth.

17 SECTION 162. A NEW SECTION OF SUBCHAPTER 2 OF KRS CHAPTER
 18 362 IS CREATED TO READ AS FOLLOWS:

19 (1) A foreign limited partnership may apply for a certificate of authority to transact
 20 business in this Commonwealth by delivering an application to the Secretary of
 21 State for filing. The application shall state:

22 (a) The name of the foreign limited partnership and, if that name does not
 23 comply with Section 87 of this Act, a fictitious name adopted pursuant to
 24 subsection (1) of Section 165 of this Act;

25 (b) The name of the state or other jurisdiction under whose law the foreign
 26 limited partnership is organized;

27 (c) The street and mailing address of the foreign limited partnership's principal

1 office and, if the laws of the jurisdiction under which the foreign limited
 2 partnership is organized require the foreign limited partnership to maintain
 3 an office in that jurisdiction, then the street and mailing address of that
 4 required office;

5 (d) The street address of the foreign limited partnership's initial registered
 6 office, and the name of its initial registered agent at that office;

7 (e) The name and street and mailing address of each of the foreign limited
 8 partnership's general partners; and

9 (f) Whether the foreign limited partnership is a foreign limited liability limited
 10 partnership.

11 (2) A foreign limited partnership shall deliver with the completed application a
 12 certificate of existence or a record of similar import signed by the Secretary of
 13 State or other official having custody of the foreign limited partnership's publicly
 14 filed records in the state or other jurisdiction under whose law the foreign limited
 15 partnership is organized.

16 (3) A written statement of the initial registered agent consenting to serve in that
 17 capacity shall accompany the application for a certificate of authority.

18 SECTION 163. A NEW SECTION OF SUBCHAPTER 2 OF KRS CHAPTER
 19 362 IS CREATED TO READ AS FOLLOWS:

20 (1) Activities of a foreign limited partnership which do not constitute transacting
 21 business in this Commonwealth within the meaning of Sections 161 to 168 of this
 22 Act include:

23 (a) Maintaining, defending, and settling an action or proceeding;

24 (b) Holding meetings of its partners or carrying on any other activity
 25 concerning its internal affairs;

26 (c) Maintaining accounts in financial institutions;

27 (d) Maintaining offices or agencies for the transfer, exchange, and registration

- 1 of the foreign limited partnership's own securities or maintaining trustees
2 or depositories with respect to those securities;
- 3 (e) Selling through independent contractors;
- 4 (f) Soliciting or obtaining orders, whether by mail or electronic means or
5 through employees or agents or otherwise, if the orders require acceptance
6 outside this Commonwealth before they become contracts;
- 7 (g) Creating or acquiring indebtedness, mortgages, or security interests in real
8 or personal property;
- 9 (h) Securing or collecting debts or enforcing mortgages or other security
10 interests in property securing the debts, and holding, protecting, and
11 maintaining property so acquired;
- 12 (i) Conducting an isolated transaction that is completed within thirty (30) days
13 and is not one in the course of similar transactions of a like manner; and
- 14 (j) Transacting business in interstate commerce.
- 15 (2) For purposes of Sections 161 to 168 of this Act, the ownership in this
16 Commonwealth of income-producing real property or tangible personal property,
17 other than property excluded under subsection (1) of this section, constitutes
18 transacting business in this Commonwealth.
- 19 (3) This section does not apply in determining the contacts or activities that may
20 subject a foreign limited partnership to service of process, taxation, or regulation
21 under any other law of this Commonwealth.

22 SECTION 164. A NEW SECTION OF SUBCHAPTER 2 OF KRS CHAPTER
23 362 IS CREATED TO READ AS FOLLOWS:

24 Unless the Secretary of State determines that an application for a certificate of
25 authority fails to comply with the filing requirements of this subchapter, the Secretary
26 of State, upon payment of all filing fees, shall file the application, prepare, sign and
27 file a certificate of authority to transact business in this Commonwealth, and send a

copy of the filed certificate, together with a receipt for the fees, to the foreign limited partnership or its representative.

SECTION 165. A NEW SECTION OF SUBCHAPTER 2 OF KRS CHAPTER 362 IS CREATED TO READ AS FOLLOWS:

(1) A foreign limited partnership whose name does not comply with Section 87 of this Act shall not obtain a certificate of authority until it adopts, for the purpose of transacting business in this Commonwealth, a fictitious name that complies with Section 87 of this Act. A foreign limited partnership that adopts a fictitious name under this subsection and then obtains a certificate of authority with that name need not comply with KRS 365.015 for that name. After obtaining a certificate of authority with an alternate name, a foreign limited partnership shall transact business in this Commonwealth under that name unless the foreign limited partnership is authorized under KRS 365.015 to transact business in this Commonwealth under another name.

(2) If a foreign limited partnership authorized to transact business in this Commonwealth changes its name to one that does not comply with Section 87 of this Act, then it shall not thereafter transact business in this Commonwealth until it complies with subsection (1) of this section and obtains an amended certificate of authority.

SECTION 166. A NEW SECTION OF SUBCHAPTER 2 OF KRS CHAPTER 362 IS CREATED TO READ AS FOLLOWS:

The Secretary of State may commence a proceeding under Section 167 of this Act to revoke the certificate of authority of a foreign partnership authorized to transact business in this Commonwealth if:

(1) The foreign partnership does not file its annual report to the Secretary of State within sixty (60) days after it is due;

(2) The foreign partnership is without a registered agent or registered office in this

Commonwealth for sixty (60) days or more;

(3) The foreign partnership does not inform the Secretary of State that its registered agent or registered office has changed, that its registered agent has resigned, or that its registered office has been discontinued within sixty (60) days of the change, resignation, or discontinuance; or

(4) The Secretary of State receives a duly authenticated certificate from the Secretary of State or other official having custody of partnership records in the state or other jurisdiction under whose law the foreign corporation is incorporated stating that it has been dissolved or disappeared as the result of a merger.

SECTION 167. A NEW SECTION OF SUBCHAPTER 2 OF KRS CHAPTER 362 IS CREATED TO READ AS FOLLOWS:

(1) If the Secretary of State determines that one (1) or more grounds exist for the revocation of a certificate of authority, then he shall serve the foreign limited partnership with written notice of his determination by mailing the notice by first class mail to the foreign limited partnership at its registered office.

(2) If the foreign partnership does not correct each ground for revocation or demonstrate to the reasonable satisfaction of the Secretary of State that each ground determined by the Secretary of State does not exist within sixty (60) days after the mailing of the notice, then the Secretary of State may revoke the foreign partnership's certificate of authority by signing a certificate of revocation that recites the ground or grounds for revocation and its effective date. The Secretary of State shall file the original of the certificate and serve a copy on the foreign limited partnership by mailing the notice by first class mail to the limited partnership at its registered office.

(3) The authority of a foreign limited partnership to transact business in this Commonwealth shall cease on the date shown on the certificate revoking its certificate of authority.

1 (4) The Secretary of State's revocation of a foreign limited partnership's certificate of
 2 authority shall be considered to appoint the Secretary of State the foreign
 3 partnership's agent for service of process in any proceeding based on the cause of
 4 action which arose during the time the foreign partnership was authorized to
 5 transact business in this Commonwealth. Service of process on the Secretary of
 6 State under this subsection shall be service on the foreign partnership. Upon
 7 receipt of process, the Secretary of State shall mail a copy of the process to the
 8 foreign partnership at its principal office shown in its most recent annual report
 9 or any subsequent communication received from the partnership stating the
 10 current mailing address of its registered office, or, if none are on file, in its
 11 certificate of authority.

12 (5) Revocation of a foreign partnership's certificate of authority shall not terminate
 13 the authority of the registered agent of the partnership.

14 (6) A foreign limited partnership may appeal the Secretary of State's revocation of its
 15 certificate of authority to the Franklin Circuit Court within thirty (30) days after
 16 service of the certificate of revocation. The foreign limited partnership may
 17 appeal by petitioning the court to set aside the revocation and attaching to the
 18 petition copies of its certificate of authority and the Secretary of State's certificate
 19 of revocation.

20 (7) The court may summarily order the Secretary of State to reinstate the certificate
 21 of authority or may take any other action the court considers appropriate.

22 (8) The court's final decision may be appealed as in other civil proceedings.

23 SECTION 168. A NEW SECTION OF SUBCHAPTER 2 OF KRS CHAPTER
 24 362 IS CREATED TO READ AS FOLLOWS:

25 If the statement in the application for registration of a foreign limited partnership was
 26 false when made, or any arrangements or other facts described in the application have
 27 changed, making the application false in any respect, then the foreign limited

partnership shall file with the Secretary of State a certificate in the form prescribed by the Secretary of State, signed by a general partner, correcting the statement. The certificate shall be effective upon filing with the Secretary of State.

SECTION 169. A NEW SECTION OF SUBCHAPTER 2 OF KRS CHAPTER 362 IS CREATED TO READ AS FOLLOWS:

A foreign limited partnership may cancel its registration by filing with the Secretary of State a certificate of cancellation in the form prescribed by the Secretary of State and signed by a general partner. A cancellation shall not terminate the authority of the Secretary of State to accept service of process on the foreign limited partnership with respect to causes of action arising out of the transaction of business in this Commonwealth.

SECTION 170. A NEW SECTION OF SUBCHAPTER 2 OF KRS CHAPTER 362 IS CREATED TO READ AS FOLLOWS:

The Attorney General may maintain an action to restrain a foreign limited partnership from transacting business in this Commonwealth in violation of this subchapter.

SECTION 171. A NEW SECTION OF SUBCHAPTER 2 OF KRS CHAPTER 362 IS CREATED TO READ AS FOLLOWS:

(1) Subject to subsection (2) of this section, a partner may maintain a direct action against the partnership or another partner for legal or equitable relief, with or without an accounting as to partnership's activities, to enforce the rights and otherwise protect the interests of the partner, including rights and interests under the partnership agreement or this subchapter or arising independently of the partnership relationship.

(2) A partner bringing a direct action under this section is required to plead and prove an actual or threatened injury that is not solely the result of an injury suffered or threatened to be suffered by the limited partnership.

(3) The accrual of, and any time limitation on, a right of action for a remedy under

this section is governed by other law. A right to an accounting upon a dissolution and winding up does not revive a claim barred by law.

SECTION 172. A NEW SECTION OF SUBCHAPTER 2 OF KRS CHAPTER 362 IS CREATED TO READ AS FOLLOWS:

A partner may bring a derivative action to enforce a right of a limited partnership if the partner first makes a demand on the general partners, requesting that they cause the limited partnership to bring an action to enforce the right, and the general partners do not bring the action within a reasonable time.

SECTION 173. A NEW SECTION OF SUBCHAPTER 2 OF KRS CHAPTER 362 IS CREATED TO READ AS FOLLOWS:

A derivative action may be maintained only by a person that is a partner at the time the action is commenced and:

- (1) That was a partner when the conduct giving rise to action occurred; or
- (2) Whose status as a partner devolved upon the person by operation of law or pursuant to the terms of the partnership agreement from a person that was a partner at the time of that conduct.

SECTION 174. A NEW SECTION OF SUBCHAPTER 2 OF KRS CHAPTER 362 IS CREATED TO READ AS FOLLOWS:

In a derivative action, the complaint shall state with particularity the date and content of the plaintiff's demand and the general partners' response to the demand.

SECTION 175. A NEW SECTION OF SUBCHAPTER 2 OF KRS CHAPTER 362 IS CREATED TO READ AS FOLLOWS:

(1) Except as otherwise provided in subsection (2) of this section:

(a) Any proceeds or other benefits of a derivative action, whether by judgment, compromise, or settlement, belong to the limited partnership and not to the derivative plaintiff;

(b) If the derivative plaintiff receives any of those proceeds, then the derivative

1 plaintiff shall immediately remit them to the limited partnership.

2 (2) If a derivative action is successful in whole or in part, then the court may award
 3 the plaintiff reasonable expenses, including reasonable attorney's fees, from the
 4 recovery of the limited partnership.

5 SECTION 176. A NEW SECTION OF SUBCHAPTER 2 OF KRS CHAPTER
 6 362 IS CREATED TO READ AS FOLLOWS:

7 As used in Sections 176 to 188 of this Act, unless the context otherwise requires:

8 (1) "Constituent limited partnership" means a constituent organization that is a
 9 limited partnership;

10 (2) "Constituent organization" means an organization that is party to a merger;

11 (3) "Converted limited partnership" means the limited partnership into which a
 12 converting organization converts pursuant to Sections 177, 178, 179, and 180 of
 13 this Act;

14 (4) "Converting limited partnership" means a converting organization that is a
 15 limited partnership;

16 (5) "Converting organization" means an organization that converts into another
 17 organization pursuant to Section 177 of this Act;

18 (6) "General partner" means a general partner of a limited partnership;

19 (7) "Governing statute" of an organization means the statute that governs the
 20 organization's internal affairs;

21 (8) "Organization" means a general partnership, including a limited liability
 22 partnership; limited partnership, including a limited liability limited partnership;
 23 limited liability company; business trust; corporation; or any other entity having
 24 a governing statute. The term includes domestic and foreign entities regardless of
 25 whether organized for profit;

26 (9) "Organizational documents" means:

27 (a) For a domestic or foreign general partnership, its partnership agreement;

1 (b) For a limited partnership or foreign limited partnership, its certificate of
 2 limited partnership and partnership agreement; and

3 (c) For a domestic or foreign limited liability company, its articles of
 4 organization and operating agreement, or comparable records as provided
 5 in its governing statute;

6 (10) "Person dissociated as a general partner" means a person dissociated as a
 7 general partner of a limited partnership;

8 (11) "Personal liability" means personal liability for a debt, liability, or other
 9 obligation of an organization which is imposed on a person that co-owns, has an
 10 interest in, or is a member of the organization:

11 (a) By the organization's governing statute solely by reason of the person co-
 12 owning, having an interest in, or being a member of the organization; or

13 (b) By the organization's organizational documents under a provision of the
 14 organization's governing statute authorizing those documents to make one
 15 (1) or more specified persons liable for all or specified debts, liabilities, and
 16 obligations of the organization solely by reason of the person or persons co-
 17 owning, having an interest in, or being a member of the organization; and

18 (12) "Surviving organization" means an organization into which one or more other
 19 organizations are merged. A surviving organization may preexist the merger or
 20 be created by the merger.

21 SECTION 177. A NEW SECTION OF SUBCHAPTER 2 OF KRS CHAPTER
 22 362 IS CREATED TO READ AS FOLLOWS:

23 (1) Subject to Section 185 of this Act, a partnership may be converted to a limited
 24 partnership as provided in Section 62 of this Act.

25 (2) Subject to Section 185 of this Act, a limited partnership may be converted to a
 26 partnership as provided in Section 63 of this Act.

27 (3) Subject to Section 185 of this Act, a limited partnership may be converted to a

limited liability company as provided in KRS 275.370.

(4) A limited liability company may be converted to a limited partnership pursuant to this section and Sections 178, 179, and 180 of this Act and a plan of conversion, if:

(a) The limited liability companies' governing statute authorizes the conversion;

(b) The conversion is not prohibited by the law of the jurisdiction that enacted that governing statute; and

(c) The limited liability company complies with its governing statute in effecting the conversion.

(5) A plan of conversion of a limited liability company into a limited partnership shall be in a record and shall include:

(a) The name of the limited liability company before conversion;

(b) The name of the converted limited partnership;

(c) The terms and conditions of the conversion, including the manner and basis for converting interests in the converting organization into any combination of money, interests in the converted limited partnership, and other consideration; and

(d) The organizational documents of the converted limited partnership.

SECTION 178. A NEW SECTION OF SUBCHAPTER 2 OF KRS CHAPTER 362 IS CREATED TO READ AS FOLLOWS:

(1) Subject to Section 185 of this Act, a plan of conversion shall be approved by all the partners of a converting limited partnership.

(2) Subject to Section 185 of this Act and any contractual rights, after a conversion is approved, and at any time before a filing is made under Section 179 of this Act, a converting limited partnership may amend the plan or abandon the planned conversion:

1 (a) As provided in the plan; and

2 (b) Except as prohibited by the plan, by the same consent as was required to
 3 approve the plan.

4 (3) Unless otherwise provided in the partnership agreement, a partner has no right to
 5 dissent from a conversion.

6 SECTION 179. A NEW SECTION OF SUBCHAPTER 2 OF KRS CHAPTER
 7 362 IS CREATED TO READ AS FOLLOWS:

8 (1) After a plan of conversion is approved, a converting limited liability company
 9 shall deliver to the Secretary of State for filing a certificate of limited partnership,
 10 which shall include:

11 (a) A statement that the limited liability company has been converted into a
 12 limited partnership;

13 (b) The name of that limited liability company and its jurisdiction;

14 (c) The effective date of the conversion;

15 (d) A statement that the conversion was approved as required by this
 16 subchapter;

17 (e) A statement that the conversion was approved as required by the governing
 18 statute of the converted limited liability company; and

19 (f) If the converted limited liability company is a foreign limited liability
 20 company not authorized to transact business in this Commonwealth, the
 21 street and mailing address of an office which the Secretary of State may use
 22 for the purposes of subsection (3) of Section 180 of this Act.

23 (2) A conversion of a limited liability company into a limited partnership becomes
 24 effective when the certificate of limited partnership takes effect.

25 SECTION 180. A NEW SECTION OF SUBCHAPTER 2 OF KRS CHAPTER
 26 362 IS CREATED TO READ AS FOLLOWS:

27 (1) An organization that has been converted pursuant to Sections 176 to 188 of this

1 Act is for all purposes the same entity that existed before the conversion.

2 (2) When a conversion takes effect:

3 (a) All property and contract rights owned by, and all rights, privileges, and
4 immunities of, the converting partnership or limited partnership shall
5 remain vested in the converted partnership or limited partnership without
6 assignment, reversion, or impairment;

7 (b) All obligations of the converting partnership or limited partnership shall
8 continue as obligations of the converted partnership or limited partnership;

9 (c) An action or proceeding pending against the converting partnership or
10 limited partnership may be continued as if the conversion had not occurred,
11 and the name of the converted partnership or limited partnership may be
12 substituted in any pending action or proceeding for the name of the
13 converting partnership or limited partnership; and

14 (d) Any written partnership agreement of the converted partnership or limited
15 partnership shall be binding upon each person who becomes a partner in
16 the converted partnership or limited partnership.

17 (3) A converted organization that is a foreign entity consents to the jurisdiction of the
18 courts of this Commonwealth to enforce any obligation owed by the converting
19 limited partnership, if before the conversion the converting limited partnership
20 was subject to suit in this Commonwealth on that obligation. A converted
21 organization that is a foreign entity and not authorized to transact business in
22 this Commonwealth appoints the Secretary of State as its agent for service of
23 process for purposes of enforcing an obligation under this subsection. Service on
24 the Secretary of State under this subsection is made in the same manner and with
25 the same consequences as in subsection (3) or (4) of Section 96 of this Act.

26 (4) A person who becomes a general partner in a limited partnership that is not a
27 limited liability limited partnership as a result of a conversion shall be personally

liable as a general partner for only those obligations incurred by the limited partnership after the conversion takes effect.

SECTION 181. A NEW SECTION OF SUBCHAPTER 2 OF KRS CHAPTER 362 IS CREATED TO READ AS FOLLOWS:

(1) One (1) or more domestic limited partnerships may merge pursuant to a written plan of merger described in subsection (2) of this section with one (1) or more domestic or foreign partnerships, limited partnerships, limited liability companies, or corporations if:

(a) The merger is not prohibited by the partnership agreement of any domestic limited partnership that is a party to the merger, and each domestic limited partnership that is a party to the merger approves the plan of merger in accordance with this subchapter and complies with the applicable terms of its partnership agreement in effecting the merger;

(b) Each domestic partnership, as a party to the merger, complies with the applicable merger provisions of Subchapter 1 of this chapter;

(c) Each domestic limited liability company, as a party to the merger, complies with the applicable merger provisions of KRS Chapter 275;

(d) Each domestic corporation, as a party to the merger, complies with the applicable merger provisions of KRS Chapter 271B; and

(e) The merger is permitted by the laws of the jurisdiction under which each foreign partnership, limited partnership, foreign limited liability company, or foreign corporation party to the merger is formed, organized, or incorporated, and each foreign partnership, limited partnership, limited liability company, or corporation complies with those laws in effecting the merger.

(2) The written plan of merger shall set forth:

(a) The name of each constituent business entity that is a party to the merger

and the name of the surviving business entity into which each constituent business entity proposes to merge;

(b) The terms and conditions of the proposed merger, including but not limited to, a statement which sets forth whether limited liability is retained by the surviving business entity;

(c) The manner and basis of converting the partnership interests in each limited partnership and the interests in each business entity that is a party to the merger into interests, shares, or other securities or obligations, as the case may be, of the surviving entity, or of any other business entity, or, in whole or in part, into cash or other property;

(d) The amendments to the articles of organization of a limited liability company, or articles of incorporation of a corporation or certificate of limited partnership, as the case may be, of the surviving business entity as are desired to be effected by the merger, or that no changes are desired; and

(e) Other provisions relating to the proposed merger that are deemed necessary or desirable.

SECTION 182. A NEW SECTION OF SUBCHAPTER 2 OF KRS CHAPTER 362 IS CREATED TO READ AS FOLLOWS:

(1) Each domestic limited partnership that is to be a party to a proposed merger shall approve the proposed merger, unless the partnership agreement of that limited partnership provides otherwise, by the unanimous vote of the partners of the partnership.

(2) A plan of merger may provide for the manner, if any, in which the plan may be amended at any time before the filing of the articles of merger with the Secretary of State.

(3) Unless the domestic limited partnership's partnership agreement or the plan of merger, once authorized, provides otherwise, the merger may be abandoned at

any time before the filing of the articles of merger with the Secretary of State by the affirmative vote of all partners of the domestic limited partnership, subject to any contractual rights, in accordance with the procedure set forth in the plan of merger, if any.

(4) Unless otherwise provided in the partnership agreement, a partner has no right to dissent from a merger.

SECTION 183. A NEW SECTION OF SUBCHAPTER 2 OF KRS CHAPTER 362 IS CREATED TO READ AS FOLLOWS:

(1) After a plan of merger is approved by each domestic or foreign partnership, limited partnership, limited liability company, or corporation that is a party to the merger, the surviving domestic or foreign partnership, limited partnership, limited liability company, or corporation shall deliver to the Secretary of State for filing articles of merger duly executed by each party to the merger setting forth:

(a) The name of jurisdiction of formation or organization of each constituent business entity which is to merge;

(b) The plan of merger;

(c) The name of the surviving business entity;

(d) A statement that the plan of merger was duly authorized and approved by each constituent business entity in accordance with the laws applicable to such business entity; and

(e) If the surviving entity is not a business entity organized under the laws of this Commonwealth, a statement that the surviving business entity:

1. Agrees that it may be served with process in this Commonwealth in any proceeding for enforcement of any obligation of any constituent business entity party to the merger that was organized under the laws of this Commonwealth, as well as for enforcement of any obligation of the surviving business entity arising from the merger; and

- 1 2. Appoints the Secretary of State as its agent for service of process in
2 any such proceedings. The surviving entity shall specify the address to
3 which a copy of process shall be mailed to it by the Secretary of State.
- 4 (2) The merger shall take effect on the later of the date of the filing of the articles of
5 merger or the date set forth in the articles of merger, in which case it shall not be
6 later than ninety (90) days after the date on which the articles of merger were
7 filed.
- 8 (3) Upon the merger taking effect, if the surviving entity in the merger is a foreign
9 partnership, limited partnership, or limited liability company, the entity shall be
10 deemed:
- 11 (a) To appoint the Secretary of State as its agent for service of process in a
12 proceeding to enforce any obligation or rights of dissenting shareholders of
13 each domestic corporation party to the merger; and
- 14 (b) To agree that it will promptly pay to the dissenting shareholders of each
15 domestic corporation party to the merger the amount, if any, to which they
16 are entitled under Subtitle 13 of KRS Chapter 271B.
- 17 (4) The articles of merger filed by the surviving entity in accordance with this section
18 shall also be deemed to have been filed for any domestic limited liability company
19 party to the merger in accordance with the applicable provisions of KRS Chapter
20 275 and for any domestic corporation party to the merger in accordance with
21 KRS Chapter 271B.
- 22 (5) The filing of articles of merger shall act to cancel the certificate of limited
23 partnership for a domestic limited partnership that is not the surviving entity of
24 the merger and that partnership's certificate of limited partnership shall be
25 canceled upon the effective date of the articles of merger.

26 SECTION 184. A NEW SECTION OF SUBCHAPTER 2 OF KRS CHAPTER
27 362 IS CREATED TO READ AS FOLLOWS:

When a merger takes effect:

- (1) The separate existence of every domestic limited partnership that is a party to the merger except the surviving domestic limited partnership, if any, shall cease;
- (2) The title to all real estate and other property owned by each domestic limited partnership that is a party to the merger shall be vested in the surviving entity without reversion or impairment;
- (3) The surviving entity shall be responsible for all liabilities of each domestic limited partnership that is a party to the merger;
- (4) A proceeding pending by or against any domestic limited partnership party to the merger may be continued as if the merger had not occurred, or the surviving entity may be substituted in the proceeding for the domestic limited partnership whose existence ceased;
- (5) If a domestic limited partnership is the surviving entity of the merger, then the certificate of limited partnership and partnership agreement of that limited partnership shall be amended to the extent provided in the plan of merger; and
- (6) The partnership interests of every domestic limited partnership that is a party to the merger that are to be converted into partnership interests, membership interests, shares, or other securities or obligations of the surviving limited partnership, limited liability company, or corporation or into cash or other property, in whole or in part, shall be so converted and the former holders of such partnership interests shall be entitled only to the rights provided in the plan of merger.

SECTION 185. A NEW SECTION OF SUBCHAPTER 2 OF KRS CHAPTER 362 IS CREATED TO READ AS FOLLOWS:

- (1) If a partner of a converting or constituent limited partnership will have personal liability with respect to a converted or surviving organization, then approval and amendment of a plan of conversion or merger are ineffective without the consent

of that partner, unless:

(a) The limited partnership's partnership agreement provides for the approval of the conversion or merger with the consent of less than all the partners;

and

(b) That partner has consented to that provision of the partnership agreement.

(2) An amendment to a certificate of limited partnership which deletes a statement that the limited partnership is a limited liability limited partnership is ineffective without the consent of each general partner unless:

(a) The limited partnership's partnership agreement provides for that amendment with the consent of less than all the general partners; and

(b) Each general partner that does not consent to the amendment has consented to that provision of the partnership agreement.

(3) A partner does not give the consent required by subsection (1) or (2) of this section merely by consenting to a provision of the partnership agreement which permits the partnership agreement to be amended with the consent of less than all the partners.

SECTION 186. A NEW SECTION OF SUBCHAPTER 2 OF KRS CHAPTER 362 IS CREATED TO READ AS FOLLOWS:

(1) A conversion or merger under Sections 176 to 188 of this Act does not discharge any liability under Sections 124 and 144 of this Act of a person that was a general partner in or dissociated as a general partner from a converting or constituent limited partnership, but:

(a) The provisions of this subchapter pertaining to the collection or discharge of that liability continue to apply to that liability;

(b) For the purposes of applying those provisions, the converted or surviving organization is deemed to be the converting or constituent limited partnership; and

1 (c) If a person is required to pay any amount under this subsection, then:

- 2 1. The person has a right of contribution from each other person that
 3 was liable as a general partner under Section 124 of this Act when the
 4 obligation was incurred and has not been released from that
 5 obligation under Section 144 of this Act; and
 6 2. The contribution due from each of those persons is in proportion to
 7 the right to receive distributions in the capacity of general partner in
 8 effect for each of those persons when the obligation was incurred.

9 (2) In addition to any other liability provided by law:

10 (a) A person who immediately before a conversion or merger became effective
 11 was a general partner in a converting or constituent limited partnership that
 12 was not a limited liability limited partnership is personally liable for each
 13 obligation of the converted or surviving organization arising from a
 14 transaction with a third party after the conversion or merger becomes
 15 effective, if, at the time the third party enters into the transaction, the third
 16 party:

- 17 1. Does not have notice of the conversion or merger; and
 18 2. Reasonably believes that:
 19 a. The converted or surviving business is the converting or
 20 constituent limited partnership;
 21 b. The converting or constituent limited partnership is not a limited
 22 liability limited partnership; and
 23 c. The person is a general partner in the converting or constituent
 24 limited partnership; and

25 (b) A person who was dissociated as a general partner from a converting or
 26 constituent limited partnership before the conversion or merger became
 27 effective is personally liable for each obligation of the converted or

surviving organization arising from a transaction with a third party after the conversion or merger becomes effective, if:

1. Immediately before the conversion or merger became effective the converting or surviving limited partnership was a not a limited liability limited partnership; and

2. At the time the third party enters into the transaction less than two years have passed since the person dissociated as a general partner and the third party:

a. Does not have notice of the dissociation;

b. Does not have notice of the conversion or merger; and

c. Reasonably believes that the converted or surviving organization is the converting or constituent limited partnership, the converting or constituent limited partnership is not a limited liability limited partnership, and the person is a general partner in the converting or constituent limited partnership.

SECTION 187. A NEW SECTION OF SUBCHAPTER 2 OF KRS CHAPTER 362 IS CREATED TO READ AS FOLLOWS:

(1) An act of a person who immediately before a conversion or merger became effective was a general partner in a converting or constituent limited partnership binds the converted or surviving organization after the conversion or merger becomes effective, if:

(a) Before the conversion or merger became effective, the act would have bound the converting or constituent limited partnership under Section 122 of this Act; and

(b) At the time the third party enters into the transaction, the third party:

1. Does not have notice of the conversion or merger; and

2. Reasonably believes that the converted or surviving business is the

1 converting or constituent limited partnership and that the person is a
 2 general partner in the converting or constituent limited partnership.

3 (2) An act of a person who before a conversion or merger became effective was
 4 dissociated as a general partner from a converting or constituent limited
 5 partnership binds the converted or surviving organization after the conversion or
 6 merger becomes effective, if:

7 (a) Before the conversion or merger became effective, the act would have
 8 bound the converting or constituent limited partnership under Section 122
 9 of this Act if the person had been a general partner; and

10 (b) At the time the third party enters into the transaction, less than two (2) years
 11 have passed since the person dissociated as a general partner and the third
 12 party:

13 1. Does not have notice of the dissociation;

14 2. Does not have notice of the conversion or merger; and

15 3. Reasonably believes that the converted or surviving organization is the
 16 converting or constituent limited partnership and that the person is a
 17 general partner in the converting or constituent limited partnership.

18 (3) If a person having knowledge of the conversion or merger causes a converted or
 19 surviving organization to incur an obligation under subsection (1) or (2) of this
 20 section, then the person is liable:

21 (a) To the converted or surviving organization for any damage caused to the
 22 organization arising from the obligation; and

23 (b) If another person is liable for the obligation, to that other person for any
 24 damage caused to that other person arising from that liability.

25 SECTION 188. A NEW SECTION OF SUBCHAPTER 2 OF KRS CHAPTER
 26 362 IS CREATED TO READ AS FOLLOWS:

27 Sections 176 to 188 of this Act do not preclude an entity from being converted or

1 merged under other law.

2 SECTION 189. A NEW SECTION OF SUBCHAPTER 2 OF KRS CHAPTER
3 362 IS CREATED TO READ AS FOLLOWS:

4 In applying and construing this uniform act, consideration shall be given to the need to
5 promote uniformity of the law with respect to its subject matter among states that enact
6 it.

7 SECTION 190. A NEW SECTION OF SUBCHAPTER 2 OF KRS CHAPTER
8 362 IS CREATED TO READ AS FOLLOWS:

9 If any provision of this subchapter or its application to any person or circumstance is
10 held invalid, then the invalidity shall not affect other provisions or applications of this
11 subchapter which can be given effect without the invalid provision or application, and
12 to this end the provisions of this subchapter are severable.

13 SECTION 191. A NEW SECTION OF SUBCHAPTER 2 OF KRS CHAPTER
14 362 IS CREATED TO READ AS FOLLOWS:

15 The provisions of this subchapter governing the legal effect, validity, or enforceability
16 of electronic records or signatures, and of contracts formed or performed with the use
17 of such records or signatures conform to the requirements of Section 102 of the
18 Electronic Signatures in Global and National Commerce Act, Pub. L. No. 106-229,
19 and supersede, modify, and limit the Electronic Signatures in Global and National
20 Commerce Act.

21 SECTION 192. A NEW SECTION OF SUBCHAPTER 2 OF KRS CHAPTER
22 362 IS CREATED TO READ AS FOLLOWS:

23 (1) A limited partnership formed under any statute of this Commonwealth prior to
24 July 15, 1988, until or unless it becomes a limited partnership under this
25 subchapter, shall continue to be governed by the provisions of the statute under
26 which it was formed.

27 (2) A limited partnership formed under any statute of this Commonwealth prior to

July 15, 1988, may elect to become subject to this subchapter upon the filing of an amended and restated certificate of limited partnership which complies with the provisions of Section 105 of this Act.

(3) Upon the occurrence of any event which would require the filing of a certificate of amendment by a limited partnership under the Kentucky Revised Uniform Limited Partnership Act, KRS 362.401 to 362.525, as it exists on the effective date of this Act, or under the statute under which the limited partnership was formed, the limited partnership shall file an amended and restated certificate of limited partnership which complies with the provisions of Section 105 of this Act.

(4) A limited partnership formed under any statute of this Commonwealth prior to July 15, 1988, shall not be required to change its name to include the word "Limited" or the abbreviation "Ltd." until such time as it becomes subject to this subchapter.

(5) The enactment of this subchapter shall not impair, or otherwise affect, the organization or the continued existence of a limited partnership existing on July 15, 1988, nor does any repeal of any statutory provision by 1988 Ky. Acts ch. 284, sec. 65, impair any contract or affect any right accrued before July 15, 1988.

SECTION 193. A NEW SECTION OF SUBCHAPTER 2 OF KRS CHAPTER 363 IS CREATED TO READ AS FOLLOWS:

(1) This subchapter governs only:

(a) A limited partnership formed on or after the effective date of Sections 81 to 195 of this Act; and

(b) Except as otherwise provided in subsection (2)(c) and (d) of this section, a limited partnership formed before the effective date of Sections 81 to 195 of this Act which elects, in the manner provided in its partnership agreement or by law for amending the partnership agreement, to be subject to this subchapter. The filing of an amended or an amended and restated

certificate of limited partnership electing limited liability limited partnership status shall constitute an election to be governed by Sections 81 to 195 of this Act.

(2) With respect to a limited partnership formed before the effective date of Sections 81 to 195 of this Act that elects to be governed by Sections 81 to 195 of this Act, the following rules apply except as the partners otherwise elect in the manner provided in the partnership agreement or by law for amending the partnership agreement:

(a) Subsection (3) of Section 83 of this Act does not apply and the limited partnership has whatever duration it had under the law applicable immediately before the effective date of Sections 81 to 195 of this Act;

(b) Sections 138 and 139 of this Act do not apply and a limited partner has the same right and power to dissociate from the limited partnership, with the same consequences, as existed immediately before the effective date of Sections 81 to 195 of this Act;

(c) Subsection (4) of Section 140 of this Act does not apply;

(d) Subsection (4) of Section 140 of this Act does not apply and a court has the same power to expel a general partner as the court had before the effective date of Sections 81 to 195 of this Act; and

(e) Subsection (3) of Section 149 of this Act does not apply and the connection between a general partner's dissociation and the dissolution of the limited partnership is the same as existed before the effective date of Sections 81 to 195 of this Act.

(3) With respect to a limited partnership that elects, pursuant to subsection (1)(b) of this section, to be subject to this subchapter, after the election takes effect the provisions of this subchapter relating to the liability of the limited partnership's general partners to third parties apply:

1 (a) Before January 1, 2009, to:

2 1. A third party that had not done business with the limited partnership
 3 in the year before the election took effect; and

4 2. A third party that had done business with the limited partnership in
 5 the year before the election took effect only if the third party knows or
 6 has received a notification of the election; and

7 (b) On or after January 1, 2009, to all third parties.

8 SECTION 194. A NEW SECTION OF SUBCHAPTER 2 OF KRS CHAPTER
 9 362 IS CREATED TO READ AS FOLLOWS:

10 This subchapter does not affect an action or proceeding commenced or right accrued
 11 before this subchapter takes effect.

12 SECTION 195. A NEW SECTION OF SUBCHAPTER 2 OF KRS CHAPTER
 13 362 IS CREATED TO READ AS FOLLOWS:

14 This subchapter may be cited as the Kentucky Uniform Limited Partnership Act
 15 (2006).

16 SECTION 196. A NEW SECTION OF KRS CHAPTER 275 IS CREATED TO
 17 READ AS FOLLOWS:

18 A limited liability company may be converted to a limited partnership as provided in
 19 Section 177 of this Act.

20 Section 197. KRS 67.750 is amended to read as follows:

21 As used in KRS 67.750 to 67.790, unless the context requires otherwise:

22 (1) "Business entity" means each separate corporation, limited liability company,
 23 business development corporation, partnership, limited partnership,~~registered~~
 24 ~~limited liability partnership,~~ sole proprietorship, association, joint stock company,
 25 receivership, trust, professional service organization, or other legal entity through
 26 which business is conducted;

27 (2) "Compensation" means wages, salaries, commissions, or any other form of

1 remuneration paid or payable by an employer for services performed by an
2 employee, which are required to be reported for federal income tax purposes and
3 adjusted as follows:

4 (a) Include any amounts contributed by an employee to any retirement, profit
5 sharing, or deferred compensation plan, which are deferred for federal income
6 tax purposes under a salary reduction agreement or similar arrangement,
7 including but not limited to salary reduction arrangements under Section
8 401(a), 401(k), 402(e), 403(a), 403(b), 408, 414(h), or 457 of the Internal
9 Revenue Code; and

10 (b) Include any amounts contributed by an employee to any welfare benefit, fringe
11 benefit, or other benefit plan made by salary reduction or other payment
12 method which permits employees to elect to reduce federal taxable
13 compensation under the Internal Revenue Code, including but not limited to
14 Sections 125 and 132 of the Internal Revenue Code;

15 (3) "Fiscal year" means fiscal year as defined in Section 7701(a)(24) of the Internal
16 Revenue Code;

17 (4) "Employee" means any person who renders services to another person or business
18 entity for compensation, including an officer of a corporation and any officer,
19 employee, or elected official of the United States, a state, or any political
20 subdivision of a state, or any agency or instrumentality of any one (1) or more of the
21 above. A person classified as an independent contractor under the Internal Revenue
22 Code shall not be considered an employee;

23 (5) "Employer" means employer as defined in Section 3401(d) of the Internal Revenue
24 Code;

25 (6) "Gross receipts" means all revenues or proceeds derived from the sale, lease, or
26 rental of goods, services, or property by a business entity reduced by the following:

27 (a) Sales and excise taxes paid; and

- 1 (b) Returns and allowances;
- 2 (7) "Internal Revenue Code" means the Internal Revenue Code in effect on December
 3 31, 2004, exclusive of any amendments made subsequent to that date, other than
 4 amendments that extend provisions in effect on December 31, 2004, that would
 5 otherwise terminate;
- 6 (8) "Net profit" means gross income as defined in Section 61 of the Internal Revenue
 7 Code minus all the deductions from gross income allowed by Chapter 1 of the
 8 Internal Revenue Code, and adjusted as follows:
- 9 (a) Include any amount claimed as a deduction for state tax or local tax which is
 10 computed, in whole or in part, by reference to gross or net income and which
 11 is paid or accrued to any state of the United States, local taxing authority in a
 12 state, the District of Columbia, the Commonwealth of Puerto Rico, any
 13 territory or possession of the United States, or any foreign country or political
 14 subdivision thereof;
- 15 (b) Include any amount claimed as a deduction that directly or indirectly is
 16 allocable to income which is either exempt from taxation or otherwise not
 17 taxed;
- 18 (c) Include any amount claimed as a net operating loss carryback or carryforward
 19 allowed under Section 172 of the Internal Revenue Code;
- 20 (d) Include any amount of income and expenses passed through separately as
 21 required by the Internal Revenue Code to an owner of a business entity that is
 22 a pass-through entity for federal tax purposes; and
- 23 (e) Exclude any amount of income that is exempt from state taxation by the
 24 Kentucky Constitution, or the Constitution and statutory laws of the United
 25 States;
- 26 (9) "Sales revenue" means receipts from the sale, lease, or rental of goods, services, or
 27 property;

- 1 (10) "Tax district" means a city of the first to fifth class, county, urban-county, charter
 2 county, consolidated local government, school district, special taxing district, or any
 3 other statutorily created entity with the authority to levy net profits, gross receipts,
 4 or occupational license taxes;
- 5 (11) "Taxable gross receipts" in case of a business entity having payroll or sales revenues
 6 both within and without a tax district means gross receipts as defined in subsection
 7 (6) of this section, as apportioned under KRS 67.753;
- 8 (12) "Taxable gross receipts" in case of a business entity having payroll or sales revenue
 9 only in one (1) tax district means gross receipts as defined in subsection (6) of this
 10 section;
- 11 (13) "Taxable net profit" in case of a business entity having payroll or sales revenue only
 12 in one (1) tax district means net profit as defined in subsection (8) of this section;
- 13 (14) "Taxable net profit" in case of a business entity having payroll or sales revenue both
 14 within and without a tax district means net profit as defined in subsection (8) of this
 15 section, as apportioned under KRS 67.753; and
- 16 (15) "Taxable year" means the calendar year or fiscal year ending during the calendar
 17 year, upon the basis of which net income or gross receipts is computed.
- 18 Section 198. KRS 136.638 is amended to read as follows:
- 19 (1) Notwithstanding any other provision of law to the contrary, the president, vice
 20 president, secretary, treasurer, or any other person holding any equivalent corporate
 21 office of any corporation subject to the provisions of KRS 136.600 to 136.660 shall
 22 be personally and individually liable, both jointly and severally, for the taxes
 23 imposed under KRS 136.604 or 136.616. Neither the corporate dissolution or
 24 withdrawal of the corporation from the state nor the cessation of holding any
 25 corporate office shall discharge the foregoing liability of any person. The personal
 26 and individual liability shall apply to each and every person holding the corporate
 27 office at the time the taxes become or became due. No person shall be personally

and individually liable under this subsection if that person did not have authority to collect, account for, or pay over the tax at the time that the tax imposed by KRS 136.604 or 136.616 become or became due.

- (2) Notwithstanding KRS 275.150, subsection (3) of Section 33 of this Act or predecessor law, subsection (3) of Section 124 of this Act~~[362.220(2)]~~, or any other provision of law to the contrary, the managers of a limited liability company, ~~and the~~ partners of a~~[registered]~~ limited liability partnership, and the partners of a limited liability limited partnership or any other person holding any equivalent office of a limited liability company,~~[or a registered]~~ limited liability partnership, or limited liability limited partnership subject to KRS 136.600 to 136.660 shall be personally and individually liable, both jointly and severally, for the taxes imposed under KRS 135.604 and 136.616. Neither the dissolution or withdrawal of the limited liability company,~~[or registered]~~ limited liability partnership, or limited liability limited partnership from the state nor the cessation of holding any office shall discharge the foregoing liability of any person. The personal and individual liability shall apply to each and every manager of a limited liability company,~~and~~ partner of a~~[registered]~~ limited liability partnership, and general partner of a limited liability limited partnership at the time the taxes become or became due.

No person shall be personally and individually liable under this subsection, if that person had no authority to collect, account for, or pay over the tax at the time that the taxes imposed by KRS 136.604 become or became due or account for or pay over the tax at the time that the taxes imposed by KRS 136.616 become or became due.

- (3) "Taxes," as used in this section, shall include interest accrued at the rate provided by KRS 131.183 and all applicable penalties and fees imposed under this chapter and under KRS 131.180, 131.410 to 131.445, and 131.990.

Section 199. KRS 138.183 is amended to read as follows:

- 1 (1) Notwithstanding any other provision of this chapter to the contrary, the president,
 2 vice president, secretary, treasurer, or any other person holding any equivalent
 3 corporate office of any corporation subject to the provisions of KRS 138.130 to
 4 138.205 shall be personally and individually liable, both jointly and severally, for
 5 the taxes imposed under KRS 138.130 to 138.205.
- 6 (2) Corporate dissolution, withdrawal of the corporation from the state, or the cessation
 7 of holding any corporate office shall not discharge the liability of any person. The
 8 personal and individual liability shall apply to every person holding a corporate
 9 office at the time the tax becomes or became due.
- 10 (3) Notwithstanding any other provision of this chapter, KRS 275.150, subsection (3)
 11 of Section 33 of this Act or predecessor law, or subsection (3) of Section 124 of
 12 this Act~~[or KRS 362.220(2)]~~ to the contrary, the managers of a limited liability
 13 company,~~[and]~~ the partners of a~~[registered]~~ limited liability partnership, and the
 14 general partners of a limited liability limited partnership or any other person
 15 holding any equivalent office of a limited liability company,~~[or a registered]~~
 16 limited liability partnership or limited liability limited partnership subject to the
 17 provisions of KRS 138.130 to 138.205 shall be personally and individually liable,
 18 both jointly and severally, for the tax imposed under KRS 138.130 to 138.205.
- 19 (4) Dissolution, withdrawal of the limited liability company,~~[or registered]~~ limited
 20 liability partnership, or limited liability limited partnership from the state, or the
 21 cessation of holding any office shall not discharge the liability of any person. The
 22 personal and individual liability shall apply to every manager of a limited liability
 23 company,~~[and]~~ partner of a~~[registered]~~ limited liability partnership or general
 24 partner of a limited liability limited partnership at the time the tax becomes or
 25 became due.
- 26 (5) No person shall be personally and individually liable under this section who had no
 27 authority to collect, truthfully account for, or pay over any tax imposed by KRS

1 138.130 to 138.205 at the time the tax imposed becomes or became due.

2 (6) "Taxes" as used in this section include interest accrued at the rate provided by KRS
3 131.183, all applicable penalties imposed under the provisions of this chapter, and
4 all applicable penalties imposed under the provisions of KRS 131.180, 131.410 to
5 131.445, and 131.990.

6 Section 200. KRS 138.448 is amended to read as follows:

7 (1) Notwithstanding any other provision of this chapter to the contrary, the president,
8 vice president, secretary, treasurer, or any other person holding any equivalent
9 corporate office of any corporation subject to the provisions of KRS 138.210 to
10 138.446 shall be personally and individually liable, both jointly and severally, for
11 the tax imposed under KRS 138.210 to 138.446. Corporate dissolution, withdrawal
12 of the corporation from the state, or the cessation of holding any corporate office
13 shall not discharge the liability of any person. The personal and individual liability
14 shall apply to each and every person holding a corporate office at the time the tax
15 becomes or became due. No person shall be personally and individually liable under
16 this subsection who had no authority to collect, truthfully account for, or pay over
17 any tax imposed by KRS 138.210 to 138.446 at the time the tax imposed becomes
18 or became due. "Taxes" as used in this section shall include interest accrued at the
19 rate provided by KRS 131.183, all applicable penalties imposed under the
20 provisions of this chapter, and all applicable penalties imposed under the provisions
21 of KRS 131.180, 131.410 to 131.445, and 131.990.

22 (a) The provisions of this section shall not apply if a corporation on an annual
23 basis elects to be exempt from the provisions of KRS 138.224 by:

- 24 1. Filing with the department a financial instrument in an amount not to
25 exceed two (2) months' estimated liability, as calculated by the
26 department, or five thousand dollars (\$5,000), whichever is greater;
- 27 2. Certifying by an electronic method acceptable by both the dealer and the

department no later than the fifteenth day of each month the amount of gasoline and special fuels tax due the Commonwealth by the twenty-fifth day of that month; and

3. Agreeing to initiate an Automated Clearing House credit transaction to electronically transfer the amount of tax from the dealer's account to the Kentucky State Treasurer on the twenty-fifth day of that month.

For the purpose of this paragraph, a "financial instrument" means a bond issued by a corporation authorized to do business in Kentucky, a line of credit, or an account with a financial institution maintaining a compensating balance.

- (b) If a dealer fails to certify the amount of tax collected or does not perform the electronic fund transfer as prescribed by paragraph (a) of this subsection, the department may immediately make demand of the financial instrument and revoke the license of the dealer notwithstanding the provisions of KRS 138.340, and the provisions of this section shall apply.

- (2) Notwithstanding any other provision of this chapter, KRS 275.150, subsection (3) of Section 33 of this Act or predecessor law, or subsection (3) of Section 124 of this Act~~[or KRS 362.220(2)]~~ to the contrary, the managers of a limited liability company,~~and~~ the partners of a~~registered~~ limited liability partnership, and the general partners of a limited liability limited partnership or any other person holding any equivalent office of a limited liability company,~~or a registered~~ limited liability partnership, or limited liability limited partnership subject to the provisions of KRS 138.210 to 138.446 shall be personally and individually liable, both jointly and severally, for the tax imposed under KRS 138.210 to 138.446. Dissolution, withdrawal of the limited liability company,~~or registered~~ limited liability partnership, or limited liability limited partnership from the state, or the cessation of holding any office shall not discharge the liability of any person. The personal and individual liability shall apply to each and every manager of a limited

liability company,~~and~~ partner of a~~registered~~ limited liability partnership and
general partner of a limited liability limited partnership at the time the tax
 becomes or became due. No person shall be personally and individually liable under
 this subsection who had no authority to collect, truthfully account for, or pay over
 any tax imposed by KRS 138.210 to 138.446 at the time the tax becomes or became
 due. "Taxes" as used in this section shall include interest accrued at the rate
 provided by KRS 131.183, all applicable penalties imposed under the provisions of
 this chapter, and all applicable penalties imposed under the provisions of KRS
 131.180, 131.410 to 131.445, and KRS 131.990.

(a) The provisions of this section shall not apply if a limited liability company,
~~or a~~~~registered~~ limited liability partnership, or limited liability limited
partnership on an annual basis elects to be exempt from the provisions of
 KRS 138.224 by:

1. Filing with the department a financial instrument in an amount not to
 exceed two (2) months' estimated liability, as calculated by the
 department, or five thousand dollars (\$5,000), whichever is greater;
2. Certifying by an electronic method acceptable by both the dealer and the
 department no later than the fifteenth day of each month the amount of
 gasoline and special fuels tax due the Commonwealth by the twenty-
 fifth day of that month; and
3. Agreeing to initiate an Automated Clearing House credit transaction to
 electronically transfer the amount of tax from the dealer's account to the
 Kentucky State Treasurer on the twenty-fifth day of that month.

For the purpose of this paragraph, a "financial instrument" means a bond
 issued by a corporation authorized to do business in Kentucky, a line of credit,
 or an account with a financial institution maintaining a compensating balance.

(b) If a dealer fails to certify the amount of tax collected or does not perform the

1 electronic fund transfer prescribed by paragraph (a) of this subsection, the
 2 department may immediately make demand of the financial instrument and
 3 revoke the license of the dealer notwithstanding the provisions of KRS
 4 138.340, and the provisions of this section shall apply.

5 Section 201. KRS 139.185 is amended to read as follows:

- 6 (1) Notwithstanding any other provisions of this chapter to the contrary, the president,
 7 vice president, secretary, treasurer, or any other person holding any equivalent
 8 corporate office of any corporation subject to the provisions of this chapter shall be
 9 personally and individually liable, both jointly and severally, for the taxes imposed
 10 under this chapter, and neither the corporate dissolution nor withdrawal of the
 11 corporation from the state nor the cessation of holding any corporate office shall
 12 discharge the foregoing liability of any person. The personal and individual liability
 13 shall apply to each and every person holding the corporate office at the time the
 14 taxes become or became due. No person will be personally and individually liable
 15 pursuant to this section who had no authority in the management of the business or
 16 financial affairs of the corporation at the time that the taxes imposed by this chapter
 17 become or became due. Taxes as used in this section shall include interest accrued
 18 at the rate provided by KRS 139.650 and all applicable penalties imposed under this
 19 chapter and all applicable penalties and fees imposed under KRS 131.180, 131.410
 20 to 131.445, and 131.990.
- 21 (2) Notwithstanding any other provisions of this chapter, KRS 275.150, subsection (3)
 22 of Section 33 of this Act or predecessor law, or subsection (3) of Section 124 of
 23 this Act~~[or KRS 362.220(2)]~~ to the contrary, the managers of a limited liability
 24 company,~~[and]~~ the partners of a~~[registered]~~ limited liability partnership, and the
 25 general partners of a limited liability limited partnership or any other person
 26 holding any equivalent office of a limited liability company,~~[or a registered]~~
 27 limited liability partnership, or limited liability limited partnership subject to the

provisions of this chapter shall be personally and individually liable, both jointly and severally, for the taxes imposed under this chapter. Dissolution, withdrawal of the limited liability company,~~or registered~~ limited liability partnership, **or limited liability limited partnership** from the state, or the cessation of holding any office shall not discharge the liability of any person. The personal and individual liability shall apply to each and every manager of a limited liability company,~~and~~ partner of a~~registered~~ limited liability partnership, **and the general partners of a limited liability limited partnership** at the time the taxes become or became due. No person shall be personally and individually liable under this subsection who had no authority to collect, truthfully account for, or pay over any tax imposed by this chapter at the time that the taxes imposed by this chapter become or became due. "Taxes" as used in this section shall include interest accrued at the rate provided by KRS 131.183, all applicable penalties imposed under this chapter, and all applicable penalties and fees imposed under KRS 131.180, 131.410 to 131.445, and 131.990.

Section 202. KRS 141.010 is amended to read as follows:

As used in this chapter, unless the context requires otherwise:

- (1) "Commissioner" means the commissioner of the Department of Revenue;
- (2) "Department" means the Department of Revenue;
- (3) "Internal Revenue Code" means the Internal Revenue Code in effect on December 31, 2004, exclusive of any amendments made subsequent to that date, other than amendments that extend provisions in effect on December 31, 2004, that would otherwise terminate, and as modified by KRS 141.0101, except that for property placed in service after September 10, 2001, only the depreciation and expense deductions allowed under Sections 168 and 179 of the Internal Revenue Code in effect on December 31, 2001, exclusive of any amendments made subsequent to that date, shall be allowed, and including the provisions of the Military Family Tax Relief Act of 2003, Pub. L. No. 108-121, effective on the dates specified in that

1 Act;

2 (4) "Dependent" means those persons defined as dependents in the Internal Revenue
3 Code;

4 (5) "Fiduciary" means "fiduciary" as defined in Section 7701(a)(6) of the Internal
5 Revenue Code;

6 (6) "Fiscal year" means "fiscal year" as defined in Section 7701(a)(24) of the Internal
7 Revenue Code;

8 (7) "Individual" means a natural person;

9 (8) "Modified gross income" means adjusted gross income as defined in Section 62 of
10 the Internal Revenue Code of 1986, including any subsequent amendments in effect
11 on December 31 of the taxable year, and adjusted as follows:

12 (a) Include interest income derived from obligations of sister states and political
13 subdivisions thereof; and

14 (b) Include lump-sum pension distributions taxed under the special transition
15 rules of Pub. L. No. 104-188, sec. 1401(c)(2);

16 (9) "Gross income" in the case of taxpayers other than corporations means "gross
17 income" as defined in Section 61 of the Internal Revenue Code;

18 (10) "Adjusted gross income" in the case of taxpayers other than corporations means
19 gross income as defined in subsection (9) of this section minus the deductions
20 allowed individuals by Section 62 of the Internal Revenue Code and as modified by
21 KRS 141.0101 and adjusted as follows, except that deductions shall be limited to
22 amounts allocable to income subject to taxation under the provisions of this chapter,
23 and except that nothing in this chapter shall be construed to permit the same item to
24 be deducted more than once:

25 (a) Exclude income that is exempt from state taxation by the Kentucky
26 Constitution and the Constitution and statutory laws of the United States and
27 Kentucky;

- 1 (b) Exclude income from supplemental annuities provided by the Railroad
2 Retirement Act of 1937 as amended and which are subject to federal income
3 tax by Public Law 89-699;
- 4 (c) Include interest income derived from obligations of sister states and political
5 subdivisions thereof;
- 6 (d) Exclude employee pension contributions picked up as provided for in KRS
7 6.505, 16.545, 21.360, 61.560, 65.155, 67A.320, 67A.510, 78.610, and
8 161.540 upon a ruling by the Internal Revenue Service or the federal courts
9 that these contributions shall not be included as gross income until such time
10 as the contributions are distributed or made available to the employee;
- 11 (e) Exclude Social Security and railroad retirement benefits subject to federal
12 income tax;
- 13 (f) Include, for taxable years ending before January 1, 1991, all overpayments of
14 federal income tax refunded or credited for taxable years;
- 15 (g) Deduct, for taxable years ending before January 1, 1991, federal income tax
16 paid for taxable years ending before January 1, 1990;
- 17 (h) Exclude any money received because of a settlement or judgment in a lawsuit
18 brought against a manufacturer or distributor of "Agent Orange" for damages
19 resulting from exposure to Agent Orange by a member or veteran of the
20 Armed Forces of the United States or any dependent of such person who
21 served in Vietnam;
- 22 (i) 1. For taxable years ending prior to December 31, 2005, exclude the
23 applicable amount of total distributions from pension plans, annuity
24 contracts, profit-sharing plans, retirement plans, or employee savings
25 plans.
26 The "applicable amount" shall be:
27 a. Twenty-five percent (25%), but not more than six thousand two

- 1 hundred fifty dollars (\$6,250), for taxable years beginning after
2 December 31, 1994, and before January 1, 1996;
- 3 b. Fifty percent (50%), but not more than twelve thousand five
4 hundred dollars (\$12,500), for taxable years beginning after
5 December 31, 1995, and before January 1, 1997;
- 6 c. Seventy-five percent (75%), but not more than eighteen thousand
7 seven hundred fifty dollars (\$18,750), for taxable years beginning
8 after December 31, 1996, and before January 1, 1998; and
- 9 d. One hundred percent (100%), but not more than thirty-five
10 thousand dollars (\$35,000), for taxable years beginning after
11 December 31, 1997.
- 12 2. For taxable years beginning after December 31, 2005, exclude up to
13 forty-one thousand one hundred ten dollars (\$41,110) of total
14 distributions from pension plans, annuity contracts, profit-sharing plans,
15 retirement plans, or employee savings plans.
- 16 3. As used in this paragraph:
- 17 a. "Distributions" includes, but is not limited to, any lump-sum
18 distribution from pension or profit-sharing plans qualifying for the
19 income tax averaging provisions of Section 402 of the Internal
20 Revenue Code; any distribution from an individual retirement
21 account as defined in Section 408 of the Internal Revenue Code;
22 and any disability pension distribution;
- 23 b. "Annuity contract" has the same meaning as set forth in Section
24 1035 of the Internal Revenue Code; and
- 25 c. "Pension plans, profit-sharing plans, retirement plans, or employee
26 savings plans" means any trust or other entity created or organized
27 under a written retirement plan and forming part of a stock bonus,

pension, or profit-sharing plan of a public or private employer for the exclusive benefit of employees or their beneficiaries and includes plans qualified or unqualified under Section 401 of the Internal Revenue Code and individual retirement accounts as defined in Section 408 of the Internal Revenue Code;

(j) 1. a. Exclude the portion of the distributive share of a shareholder's net income from an S corporation subject to the franchise tax imposed under KRS 136.505 or the capital stock tax imposed under KRS 136.300; and

b. Exclude the portion of the distributive share of a shareholder's net income from an S corporation related to a qualified subchapter S subsidiary subject to the franchise tax imposed under KRS 136.505 or the capital stock tax imposed under KRS 136.300.

2. The shareholder's basis of stock held in a S corporation where the S corporation or its qualified subchapter S subsidiary is subject to the franchise tax imposed under KRS 136.505 or the capital stock tax imposed under KRS 136.300 shall be the same as the basis for federal income tax purposes;

(k) Exclude for taxable years beginning after December 31, 1998, to the extent not already excluded from gross income, any amounts paid for health insurance, or the value of any voucher or similar instrument used to provide health insurance, which constitutes medical care coverage for the taxpayer, the taxpayer's spouse, and dependents during the taxable year. Any amounts paid by the taxpayer for health insurance that are excluded pursuant to this paragraph shall not be allowed as a deduction in computing the taxpayer's net income under subsection (11) of this section;

(l) Exclude income received for services performed as a precinct worker for

- 1 election training or for working at election booths in state, county, and local
 2 primary, regular, or special elections;
- 3 (m) Exclude any amount paid during the taxable year for insurance for long-term
 4 care as defined in KRS 304.14-600;
- 5 (n) Exclude any capital gains income attributable to property taken by eminent
 6 domain;
- 7 (o) Exclude any amount received by a producer of tobacco or a tobacco quota
 8 owner from the multistate settlement with the tobacco industry, known as the
 9 Master Settlement Agreement, signed on November 22, 1998;
- 10 (p) Exclude any amount received from the secondary settlement fund, referred to
 11 as "Phase II," established by tobacco companies to compensate tobacco
 12 farmers and quota owners for anticipated financial losses caused by the
 13 national tobacco settlement;
- 14 (q) Exclude any amount received from funds of the Commodity Credit
 15 Corporation for the Tobacco Loss Assistance Program as a result of a
 16 reduction in the quantity of tobacco quota allotted;
- 17 (r) Exclude any amount received as a result of a tobacco quota buydown program
 18 that all quota owners and growers are eligible to participate in; and
- 19 (s) Exclude state Phase II payments received by a producer of tobacco or a
 20 tobacco quota owner;
- 21 (11) "Net income" in the case of taxpayers other than corporations means adjusted gross
 22 income as defined in subsection (10) of this section, minus the standard deduction
 23 allowed by KRS 141.081, or, at the option of the taxpayer, minus the deduction
 24 allowed by KRS 141.0202, minus any amount paid for vouchers or similar
 25 instruments that provide health insurance coverage to employees or their families,
 26 and minus all the deductions allowed individuals by Chapter 1 of the Internal
 27 Revenue Code as modified by KRS 141.0101 except those listed below, except that

deductions shall be limited to amounts allocable to income subject to taxation under the provisions of this chapter and that nothing in this chapter shall be construed to permit the same item to be deducted more than once:

- (a) Any deduction allowed by the Internal Revenue Code for state or foreign taxes measured by gross or net income, including state and local general sales taxes allowed in lieu of state and local income taxes under the provisions of Section 164(b)(5) of the Internal Revenue Code;
- (b) Any deduction allowed by the Internal Revenue Code for amounts allowable under KRS 140.090(1)(h) in calculating the value of the distributive shares of the estate of a decedent, unless there is filed with the income return a statement that such deduction has not been claimed under KRS 140.090(1)(h);
- (c) The deduction for personal exemptions allowed under Section 151 of the Internal Revenue Code and any other deductions in lieu thereof; and
- (d) Any deduction for amounts paid to any club, organization, or establishment which has been determined by the courts or an agency established by the General Assembly and charged with enforcing the civil rights laws of the Commonwealth, not to afford full and equal membership and full and equal enjoyment of its goods, services, facilities, privileges, advantages, or accommodations to any person because of race, color, religion, national origin, or sex, except nothing shall be construed to deny a deduction for amounts paid to any religious or denominational club, group, or establishment or any organization operated solely for charitable or educational purposes which restricts membership to persons of the same religion or denomination in order to promote the religious principles for which it is established and maintained;

- (12) "Gross income," in the case of corporations, means "gross income" as defined in Section 61 of the Internal Revenue Code and as modified by KRS 141.0101 and

1 adjusted as follows:

- 2 (a) Exclude income that is exempt from state taxation by the Kentucky
3 Constitution and the Constitution and statutory laws of the United States;
- 4 (b) Exclude all dividend income received after December 31, 1969;
- 5 (c) Include interest income derived from obligations of sister states and political
6 subdivisions thereof;
- 7 (d) Exclude fifty percent (50%) of gross income derived from any disposal of coal
8 covered by Section 631(c) of the Internal Revenue Code if the corporation
9 does not claim any deduction for percentage depletion, or for expenditures
10 attributable to the making and administering of the contract under which such
11 disposition occurs or to the preservation of the economic interests retained
12 under such contract;
- 13 (e) Include in the gross income of lessors income tax payments made by lessees
14 to lessors, under the provisions of Section 110 of the Internal Revenue Code,
15 and exclude such payments from the gross income of lessees;
- 16 (f) Include the amount calculated under KRS 141.205;
- 17 (g) Ignore the provisions of Section 281 of the Internal Revenue Code in
18 computing gross income;
- 19 (h) Exclude income from "safe harbor leases" (Section 168(f)(8) of the Internal
20 Revenue Code);
- 21 (i) Exclude any amount received by a producer of tobacco or a tobacco quota
22 owner from the multistate settlement with the tobacco industry, known as the
23 Master Settlement Agreement, signed on November 22, 1998;
- 24 (j) Exclude any amount received from the secondary settlement fund, referred to
25 as "Phase II," established by tobacco companies to compensate tobacco
26 farmers and quota owners for anticipated financial losses caused by the
27 national tobacco settlement;

- 1 (k) Exclude any amount received from funds of the Commodity Credit
- 2 Corporation for the Tobacco Loss Assistance Program as a result of a
- 3 reduction in the quantity of tobacco quota allotted;
- 4 (l) Exclude any amount received as a result of a tobacco quota buydown program
- 5 that all quota owners and growers are eligible to participate in;
- 6 (m) Exclude the distributive share income or loss received from a corporation
- 7 subject to the tax imposed by KRS 141.040 ; and
- 8 (n) Exclude state Phase II payments received by a producer of tobacco or a
- 9 tobacco quota owner;
- 10 (13) "Net income," in the case of corporations, means "gross income" as defined in
- 11 subsection (12) of this section minus the deduction allowed by KRS 141.0202,
- 12 minus any amount paid for vouchers or similar instruments that provide health
- 13 insurance coverage to employees or their families, and minus all the deductions
- 14 from gross income allowed corporations by Chapter 1 of the Internal Revenue Code
- 15 and as modified by KRS 141.0101, except the following:
- 16 (a) Any deduction for a state tax which is computed, in whole or in part, by
- 17 reference to gross or net income and which is paid or accrued to any state of
- 18 the United States, the District of Columbia, the Commonwealth of Puerto
- 19 Rico, any territory or possession of the United States, or to any foreign
- 20 country or political subdivision thereof;
- 21 (b) The deductions contained in Sections 243, 244, 245, and 247 of the Internal
- 22 Revenue Code;
- 23 (c) The provisions of Section 281 of the Internal Revenue Code shall be ignored
- 24 in computing net income;
- 25 (d) Any deduction directly or indirectly allocable to income which is either
- 26 exempt from taxation or otherwise not taxed under the provisions of this
- 27 chapter, and nothing in this chapter shall be construed to permit the same item

- 1 to be deducted more than once;
- 2 (e) Exclude expenses related to "safe harbor leases" (Section 168(f)(8) of the
- 3 Internal Revenue Code);
- 4 (f) Any deduction for amounts paid to any club, organization, or establishment
- 5 which has been determined by the courts or an agency established by the
- 6 General Assembly and charged with enforcing the civil rights laws of the
- 7 Commonwealth, not to afford full and equal membership and full and equal
- 8 enjoyment of its goods, services, facilities, privileges, advantages, or
- 9 accommodations to any person because of race, color, religion, national
- 10 origin, or sex, except nothing shall be construed to deny a deduction for
- 11 amounts paid to any religious or denominational club, group, or establishment
- 12 or any organization operated solely for charitable or educational purposes
- 13 which restricts membership to persons of the same religion or denomination in
- 14 order to promote the religious principles for which it is established and
- 15 maintained; and
- 16 (g) Any deduction prohibited by KRS 141.205;
- 17 (14) (a) "Taxable net income," in the case of corporations that are taxable in this state,
- 18 means "net income" as defined in subsection (13) of this section;
- 19 (b) "Taxable net income," in the case of corporations that are taxable in this state
- 20 and taxable in another state, means "net income" as defined in subsection (13)
- 21 of this section and as allocated and apportioned under KRS 141.120. A
- 22 corporation is taxable in another state if, in any state other than Kentucky, the
- 23 corporation is required to file a return for or pay a net income tax, franchise
- 24 tax measured by net income, franchise tax for the privilege of doing business,
- 25 or corporate stock tax;
- 26 (c) "Taxable net income" in the case of homeowners' associations as defined in
- 27 Section 528(c) of the Internal Revenue Code, means "taxable income" as

1 defined in Section 528(d) of the Internal Revenue Code. Notwithstanding the
 2 provisions of subsection (3) of this section, the Internal Revenue Code
 3 sections referred to in this paragraph shall be those code sections in effect for
 4 the applicable tax year; and

5 (d) "Taxable net income" in the case of a corporation that meets the requirements
 6 established under Section 856 of the Internal Revenue Code to be a real estate
 7 investment trust, means "real estate investment trust taxable income" as
 8 defined in Section 857(b)(2) of the Internal Revenue Code;

9 (15) "Person" means "person" as defined in Section 7701(a)(1) of the Internal Revenue
 10 Code;

11 (16) "Taxable year" means the calendar year or fiscal year ending during such calendar
 12 year, upon the basis of which net income is computed, and in the case of a return
 13 made for a fractional part of a year under the provisions of this chapter or under
 14 regulations prescribed by the commissioner, "taxable year" means the period for
 15 which the return is made;

16 (17) "Resident" means an individual domiciled within this state or an individual who is
 17 not domiciled in this state, but maintains a place of abode in this state and spends in
 18 the aggregate more than one hundred eighty-three (183) days of the taxable year in
 19 this state;

20 (18) "Nonresident" means any individual not a resident of this state;

21 (19) "Employer" means "employer" as defined in Section 3401(d) of the Internal
 22 Revenue Code;

23 (20) "Employee" means "employee" as defined in Section 3401(c) of the Internal
 24 Revenue Code;

25 (21) "Number of withholding exemptions claimed" means the number of withholding
 26 exemptions claimed in a withholding exemption certificate in effect under KRS
 27 141.325, except that if no such certificate is in effect, the number of withholding

- 1 exemptions claimed shall be considered to be zero;
- 2 (22) "Wages" means "wages" as defined in Section 3401(a) of the Internal Revenue
3 Code and includes other income subject to withholding as provided in Section
4 3401(f) and Section 3402(k), (o), (p), (q), and (s) of the Internal Revenue Code;
- 5 (23) "Payroll period" means "payroll period" as defined in Section 3401(b) of the
6 Internal Revenue Code;
- 7 (24) "Corporations" means:
- 8 (a) "Corporations" as defined in Section 7701(a)(3) of the Internal Revenue Code;
- 9 (b) S corporations as defined in Section 1361(a) of the Internal Revenue Code;
- 10 (c) A foreign limited liability company as defined in KRS 275.015(6);
- 11 (d) A limited liability company as defined in KRS 275.015(8);
- 12 (e) A professional limited liability company as defined in subsection (18) of
13 Section 232 of this Act~~[KRS 275.015(19)]~~;
- 14 (f) A foreign limited partnership as defined in KRS 362.401(4) or in subsection
15 (9) of Section 81 of this Act;
- 16 (g) A limited partnership as defined in KRS 362.401(7) or in subsection (14) of
17 Section 81 of this Act;
- 18 (h) A~~[registered]~~ limited liability partnership as defined in KRS 362.155(7) or in
19 either subsection (7) or subsection (8) of Section 1 of this Act;
- 20 (i) A real estate investment trust as defined in Section 856 of the Internal
21 Revenue Code;
- 22 (j) A regulated investment company as defined in Section 851 of the Internal
23 Revenue Code;
- 24 (k) A real estate mortgage investment conduit as defined in Section 860D of the
25 Internal Revenue Code;
- 26 (l) A financial asset securitization investment trust as defined in Section 860L of
27 the Internal Revenue Code; and

(m) Other similar entities created with limited liability for their partners, members, or shareholders.

"Corporation" shall not include any publicly traded partnership as defined by Section 7704(b) of the Internal Revenue Code that is treated as a partnership for federal tax purposes under Section 7704(c) of the Internal Revenue Code or its publicly traded partnership affiliates. "Publicly traded partnership affiliates" shall include any limited liability company or limited partnership for which at least eighty percent (80%) of the limited liability company member interests or limited partner interests are owned directly or indirectly by the publicly traded partnership;

(25) "Doing business in this state" includes but is not limited to:

- (a) Being organized under the laws of this state;
- (b) Having a commercial domicile in this state;
- (c) Owning or leasing property in this state;
- (d) Having one (1) or more individuals performing services in this state;
- (e) Maintaining an interest in a general partnership doing business in this state;
- (f) Deriving income from or attributable to sources within this state, including deriving income directly or indirectly from a trust doing business in this state;
- or
- (g) Directing activities at Kentucky customers for the purpose of selling them goods or services.

Nothing in this subsection shall be interpreted in a manner that goes beyond the limitations imposed and protections provided by the United States Constitution or Pub. L. No. 86-272;

(26) "Cost of goods sold" means the cost of goods sold calculated using the same method specified by the Internal Revenue Service for the purpose of computing federal income tax. In determining cost of goods sold:

- (a) Labor costs shall be limited to direct labor costs as defined in subsection (28)

1 of this section; and

2 (b) Bulk delivery costs as defined in subsection (29) of this section may be
3 included;

4 (27) "Kentucky gross profits" means Kentucky gross receipts reduced by returns and
5 allowances attributable to Kentucky gross receipts, less the cost of goods sold
6 attributable to Kentucky gross receipts;

7 (28) "Direct labor" means labor that is incorporated into the product sold or is an integral
8 part of the manufacturing process; and

9 (29) "Bulk delivery costs" means the cost of delivering the product to the consumer if the
10 product is delivered in bulk and requires specialized equipment that generally
11 precludes commercial shipping and is taxable under KRS 138.220.

12 Section 203. KRS 141.340 is amended to read as follows:

13 (1) An employer shall be liable for the payment of the tax required to be deducted and
14 withheld under KRS 141.310 and 141.315, and shall not be liable to any person for
15 the amount of any such payment.

16 (2) The president, vice president, secretary, treasurer or any other person holding an
17 equivalent corporate office of any corporation subject to KRS 141.310 or 141.315
18 shall be personally and individually liable, both jointly and severally, for any tax
19 required to be withheld under this chapter from wages paid to one (1) or more
20 employees of any such corporation, and neither the corporate dissolution or
21 withdrawal of the corporation from the state nor the cessation of holding any such
22 corporate office shall discharge the foregoing liability of any such person; provided
23 that the personal and individual liability shall apply to each or every person holding
24 such corporate office at the time such tax becomes or became obligated. No person
25 shall be personally and individually liable under this subsection who had no
26 authority to collect, truthfully account for, or pay over any tax imposed by this
27 chapter at the time that taxes imposed by this chapter become or became due.

"Taxes" as used in this section shall include interest accrued at the rate provided by KRS 131.138, all applicable penalties and fees imposed under KRS 131.180, 131.410 to 131.445, and 131.990.

- (3) Notwithstanding any other provisions of this chapter, KRS 275.150, subsection (3) of Section 33 of this Act or predecessor law, or subsection (3) of Section 124 of this Act~~[or KRS 362.220(2)]~~ to the contrary, the managers of a limited liability company,~~[and]~~ the partners of a~~[registered]~~ limited liability partnership, or the general partners of a limited liability limited partnership or any other person holding any equivalent office of a limited liability company,~~[or a registered]~~ limited liability partnership, or limited liability limited partnership subject to KRS 141.310 or 141.315 shall be personally and individually liable, both jointly and severally, for any tax required to be withheld under this chapter from wages paid to one (1) or more employees of any such limited liability company,~~[or registered]~~ limited liability partnership, or limited liability limited partnership. Dissolution, withdrawal of the limited liability company,~~[or registered]~~ limited liability partnership, or limited liability limited partnership from the state, or the cessation of holding any office shall not discharge the liability of any person. The personal and individual liability shall apply to each and every manager of a limited liability company,~~[and]~~ partner in a~~[registered]~~ limited liability partnership, and general partner of a limited liability limited partnership at the time the taxes become or became due. No person shall be personally and individually liable under this subsection who had no authority to collect, truthfully account for, or pay over any tax imposed by this chapter at the time that the taxes imposed by this chapter become or became due. "Taxes" as used in this section shall include interest accrued at the rate provided by KRS 131.183, all applicable penalties imposed under this chapter, and all applicable penalties and fees imposed under KRS 131.180, 131.410 to 131.445, and 131.990.

1 Section 204. KRS 142.050 is amended to read as follows:

2 (1) As used in this section, unless the context otherwise requires:

3 (a) "Deed" means any document, instrument, or writing other than a will and
4 other than a lease or easement, regardless of where made, executed, or
5 delivered, by which any real property in Kentucky, or any interest therein, is
6 conveyed, vested, granted, bargained, sold, transferred, or assigned.

7 (b) "Value" means:

8 1. In the case of any deed not a gift, the amount of the full actual
9 consideration therefor, paid or to be paid, including the amount of any
10 lien or liens thereon; and

11 2. In the case of a gift, or any deed with nominal consideration or without
12 stated consideration, the estimated price the property would bring in an
13 open market and under the then prevailing market conditions in a sale
14 between a willing seller and a willing buyer, both conversant with the
15 property and with prevailing general price levels.

16 (2) A tax upon the grantor named in the deed shall be imposed at the rate of fifty cents
17 (\$0.50) for each \$500 of value or fraction thereof, which value is declared in the
18 deed upon the privilege of transferring title to real property.

19 (3) (a) If any deed evidencing a transfer of title subject to the tax herein imposed is
20 offered for recordation, the county clerk shall ascertain and compute the
21 amount of the tax due thereon and shall collect the amount as prerequisite to
22 acceptance of the deed for recordation.

23 (b) The amount of tax shall be computed on the basis of the value of the
24 transferred property as set forth in the deed.

25 (c) The tax required to be levied by this section shall be collected only once on
26 each transaction and in the county in which the deed is required to be recorded
27 by KRS 382.110(1).

- 1 (4) The county clerk shall collect the amount due and certify the date of payment and
 2 the amount of collection on the deed. The county clerk shall retain five percent (5%)
 3 as his fee for collection and remit the balance every three (3) months to the county
 4 treasurer, who shall deposit the money in the county general fund.
- 5 (5) The Department of Revenue may prescribe regulations necessary to carry out the
 6 purposes of this section.
- 7 (6) Any county clerk who willfully shall record any deed upon which a tax is imposed
 8 by this section without collecting the proper amount of tax and certifying the date
 9 and amount of collection on the deed as required by this section based on the
 10 declared value indicated in the affidavit appended to the deed shall, upon
 11 conviction, be fined \$50 for each offense.
- 12 (7) The tax imposed by this section shall not apply to a transfer of title:
- 13 (a) Recorded prior to March 27, 1968;
- 14 (b) To, in the event of a deed of gift or deed with nominal consideration, or from
 15 the United States of America, this state, any city or county within this state, or
 16 any instrumentality, agency, or subdivision hereof;
- 17 (c) Solely in order to provide or release security for a debt or obligation;
- 18 (d) Which confirms or corrects a deed previously recorded;
- 19 (e) Between husband and wife, or between former spouses as part of a divorce
 20 proceeding;
- 21 (f) On sale for delinquent taxes or assessments;
- 22 (g) On partition;
- 23 (h) Pursuant to:
- 24 1. Merger or consolidation between and among corporations, partnerships,
 25 ~~including registered limited liability partnerships,~~ limited partnerships,
 26 or limited liability companies; or
- 27 2. Any~~The~~ conversion of a ~~general~~ partnership~~, including a registered~~

1 ~~limited liability partnership~~],~~[or a]~~ limited partnership corporation, or
 2 limited liability company into a partnership, limited partnership,
 3 corporation, or limited liability company;

4 (i) Between a subsidiary corporation and its parent corporation for no
 5 consideration, nominal consideration, or in sole consideration of the
 6 cancellation or surrender of either corporation's stock;

7 (j) Under a foreclosure proceeding;

8 (k) Between a person and a corporation,~~[general]~~ partnership, limited partnership
 9 ~~[registered limited liability partnership,]~~ or limited liability company in an
 10 amount equal to the portion of the value of the real property transferred that
 11 represents the proportionate interest of the transferor of the property in the
 12 entity to which the property was transferred, if the transfer was for nominal
 13 consideration;

14 (l) Between parent and child or grandparent and grandchild, with only nominal
 15 consideration therefor;

16 (m) By a corporation,~~[general]~~ partnership, limited partnership,~~[registered limited~~
 17 ~~liability partnership,]~~ or limited liability company to a person as owner or
 18 shareholder of the entity, upon dissolution of the entity, in an amount equal to
 19 the portion of the value of the real property transferred that represents the
 20 proportionate interest of the person to whom the property was transferred, if
 21 the transfer was for nominal consideration;

22 (n) Between a trustee and a successor trustee; and

23 (o) Between a limited liability company and any of its members.

24 (8) The tax imposed by subsection (2) of this section shall not apply to transfers to a
 25 trustee, to be held in trust, or from a trustee to a beneficiary of the trust if:

26 (a) The grantor is the sole beneficiary of the trust;

27 (b) The grantor is a beneficiary of the trust and a direct transfer from the grantor

1 of the trust to all other individual beneficiaries of the trust would have
 2 qualified for an exemption from the tax pursuant to one (1) of the provisions
 3 of subsection (7) of this section; or

4 (c) A direct transfer from the grantor of the trust to all other individual
 5 beneficiaries of the trust would have qualified for an exemption from the tax
 6 pursuant to one (1) of the provisions of subsection (7) of this section.

7 (9) As used in this section, "trust" shall have the same definition as contained in KRS
 8 386.800.

9 Section 205. KRS 142.404 is amended to read as follows:

10 Notwithstanding any other provision of law to the contrary, the president, vice president,
 11 secretary, treasurer, manager, partner, or any other person holding any equivalent office or
 12 position in any corporation, limited liability company,~~[or registered]~~ limited liability
 13 partnership, **or limited liability limited partnership** subject to KRS 142.400 and 142.402
 14 shall be personally and individually liable, both jointly and severally, for the tax imposed
 15 under KRS 142.400. Dissolution, withdrawal of the corporation, **limited liability**
 16 **company, limited liability partnership, or limited liability limited partnership**~~[company,~~
 17 ~~or partnership]~~ from the state, or the cessation of holding any office shall not discharge
 18 the liability of any person. The liability shall attach at the time the tax becomes or became
 19 due. No person shall be held liable under this section if the person did not have authority
 20 to collect, truthfully account for, or pay over the tax at the time it became due. "Taxes" as
 21 used in this section shall include interest accrued under KRS 131.183 and all applicable
 22 penalties imposed under this chapter or KRS 131.180, 131.410 to 131.445, and 131.990.

23 Section 206. KRS 148.851 is amended to read as follows:

24 As used in KRS 139.536 and KRS 148.851 to 148.860, unless the context clearly
 25 indicates otherwise:

26 (1) "Agreement" means a tourism attraction agreement entered into, pursuant to KRS
 27 148.859, on behalf of the authority and an approved company, with respect to a

1 tourism attraction project;

2 (2) "Approved company" means any eligible company approved by the secretary of the
3 Commerce Cabinet and the authority pursuant to KRS 148.859 that is seeking to
4 undertake a tourism attraction project;

5 (3) "Approved costs" means:

6 (a) Obligations incurred for labor and to vendors, contractors, subcontractors,
7 builders, suppliers, deliverymen, and materialmen in connection with the
8 acquisition, construction, equipping, and installation of a tourism attraction
9 project;

10 (b) The costs of acquiring real property or rights in real property and any costs
11 incidental thereto;

12 (c) The cost of contract bonds and of insurance of all kinds that may be required
13 or necessary during the course of the acquisition, construction, equipping, and
14 installation of a tourism attraction project which is not paid by the vendor,
15 supplier, deliveryman, contractor, or otherwise provided;

16 (d) All costs of architectural and engineering services, including but not limited
17 to: estimates, plans and specifications, preliminary investigations, and
18 supervision of construction and installation, as well as for the performance of
19 all the duties required by or consequent to the acquisition, construction,
20 equipping, and installation of a tourism attraction project;

21 (e) All costs required to be paid under the terms of any contract for the
22 acquisition, construction, equipping, and installation of a tourism attraction
23 project;

24 (f) All costs required for the installation of utilities, including but not limited to:
25 water, sewer, sewer treatment, gas, electricity and communications, and
26 including off-site construction of the facilities paid for by the approved
27 company; and

- 1 (g) All other costs comparable with those described in this subsection, excluding
 2 costs subject to refund under KRS 154.20-202, 154.20-204, 154.20-206,
 3 154.20-208, and 154.20-210;
- 4 (4) "Authority" means the Kentucky Tourism Development Finance Authority as set
 5 forth in KRS 148.850;
- 6 (5) "Crafts and products center" means a facility primarily devoted to the display,
 7 promotion, and sale of Kentucky products, and at which a minimum of eighty
 8 percent (80%) of the sales occurring at the facility are of Kentucky arts, crafts, or
 9 agricultural products;
- 10 (6) "Eligible company" means any corporation, limited liability company, partnership,
 11 **limited partnership**,~~[registered limited liability partnership,]~~ sole proprietorship,
 12 business trust, or any other entity operating or intending to operate a tourism
 13 attraction project, whether owned or leased, within the Commonwealth that meets
 14 the standards promulgated by the secretary of the Commerce Cabinet pursuant to
 15 KRS 148.855. An eligible company may operate or intend to operate directly or
 16 indirectly through a lessee;
- 17 (7) "Entertainment destination center" means a facility containing a minimum of two
 18 hundred thousand (200,000) square feet of building space adjacent or
 19 complementary to an existing tourism attraction, an approved tourism attraction
 20 project, or a major convention facility, and which provides a variety of
 21 entertainment and leisure options that contain at least one (1) major themed
 22 restaurant and at least three (3) additional entertainment venues, including but not
 23 limited to live entertainment, multiplex theaters, large format theaters, motion
 24 simulators, family entertainment centers, concert halls, virtual reality or other
 25 interactive games, museums, exhibitions, or other cultural and leisure time
 26 activities. Entertainment and food and drink options shall occupy a minimum of
 27 sixty percent (60%) of total gross area available for lease, and other retail stores